



## Financial Results for the 1st Quarter of Fiscal Year Ending July 31, 2024

RAKSUL INC. (TSE PRIME: 4384)

December 14, 2023

## Our New CFO

- Joined as CFO in November 2023, succeeding Nagami, who was appointed CEO
- Committed to increasing corporate value with a focus on IR

# Masaru Sugiyama



### Career

**2010**

**B.A. in International Liberal Studies, Waseda University**

**2010 - 2020**

**Goldman Sachs Japan Co., Ltd.**

Worked as a sell-side analyst in the Global Investment Research Division

**2020 - 2023**

**XICA Co., Ltd.**

Oversaw expansion of corporate functions as Director, CFO and General Manager of Corporate Division

**2023 -**

**RAKSUL INC.**

As CFO, driving corporate value enhancement with a focus on IR




# Quarterly Financial Summary

## Company Wide

### Revenue +20.2% YoY, Gross Profit +28.5%, EBITDA (non-GAAP)<sup>(1)</sup> JPY 938MM


- Continued profitable growth (Quality Growth). Record high EBITDA of JPY 938MM (YoY +24.6%)
- 2Q is expected to record the highest EBITDA while growth accelerates due to organic growth as well as contributions from new consolidations



## Raksul

### Raksul Business Segment (“Raksul”): Revenue +22.4% YoY, Gross Profit +27.5% YoY

- Although re-opening effects have run their course, business performance remained steady with no major changes in the business environment
- RAKSUL FACTORY is consolidated from this fiscal year, contributing to improvement of gross margin



## Novasell

### Novasell Business Segment (“Novasell”): Revenue -44.0% YoY, Gross Profit -28.7% YoY

- Although there is no change in medium to long-term momentum, revenue and profit are down YoY due to short-term impact of advertising market conditions
- SaaS business continues to grow steadily, with SaaS as a percentage of Novasell’s gross profit rising to 40%

## Corporate Actions

### Actions based on a policy to execute continuous M&A

#### Completed acquisition of AMIDA as a wholly-owned subsidiary

- Completed de-listing procedures at the end of October and began contributing to consolidated financial results from November 1 (beginning of 2Q)
- Disclosed revision of consolidated financial forecast for the current fiscal year on October 19, 2023

#### Consolidation of Peraichi

- Peraichi is consolidated from this fiscal year. No change in equity ownership, managed under Other Business
- In order to strengthen the software business, Peraichi was consolidated to promote business expansion

#### Notes

(1) EBITDA (non-GAAP) = Operating Profit(J-GAAP) + Depreciation + Amortization of goodwill + Stock-based compensation expenses. Hereinafter referred to as "EBITDA"

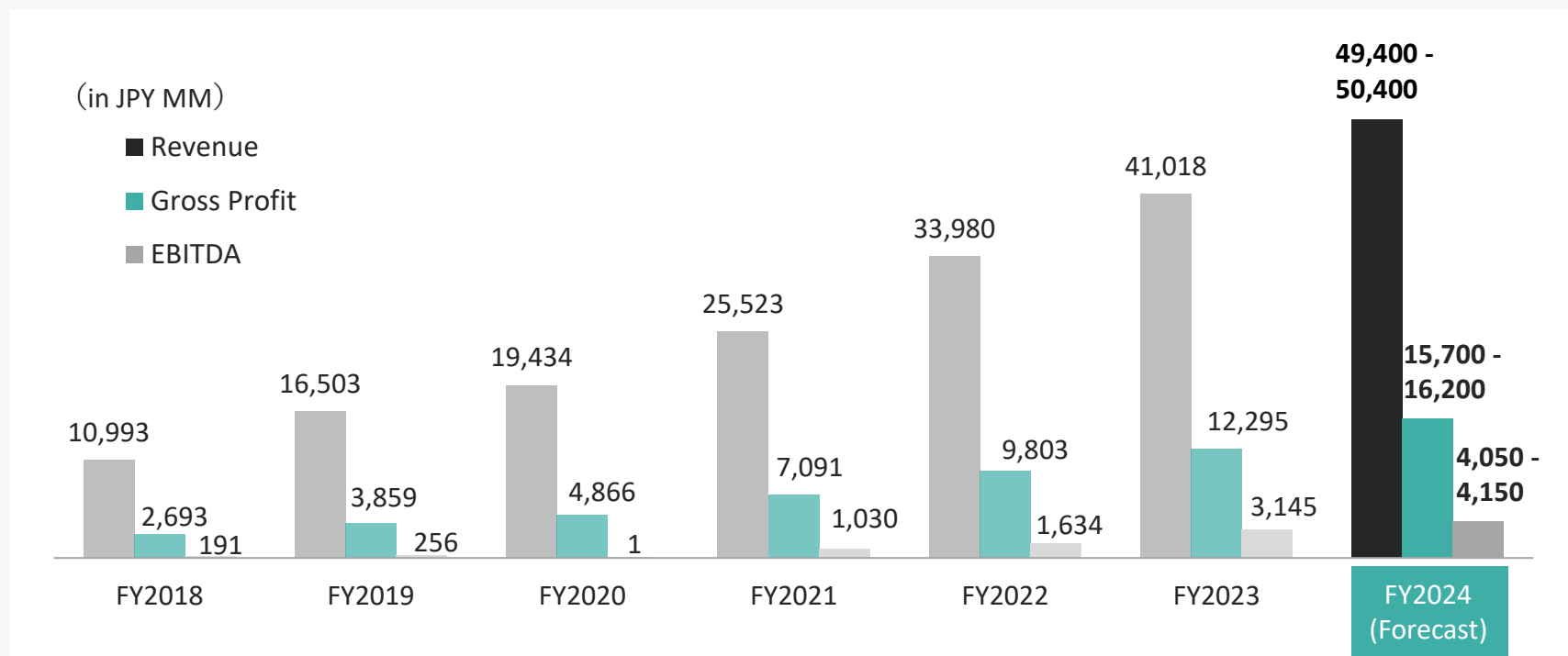
## FY2024

### Revision of Consolidated Financial Forecast

(Disclosed on Oct 19)

- In addition to the consolidation of AMIDA, due to the sale of a portion of our shares in Hacobell, all financial figures from revenue to net profit were revised upward
- Organic businesses are also progressing at a pace to meet the initial guidance

#### Company-wide performance since listing<sup>(1)</sup>



#### Financial Figures / Performance Indicators(Forecast for FY2024)

<b>Revenue</b> (in JPY MM)	49,400 - 50,400	(YoY+20.4 - 22.9%)	<b>EBITDA</b> (in JPY MM)	4,050 - 4,150	(YoY+28.8 - 32.0%)
<b>Gross Profit</b> (in JPY MM)	15,700 - 16,200	(YoY+27.7 - 31.8%)	<b>EPS<sup>(2)</sup></b> (in JPY)	28.98 - 30.68	(YoY+26.8 - 34.2%)
<b>Operating Profit</b> (in JPY MM)	2,080 - 2,280	(YoY+17.8 - 29.1%)	<b>ROE</b>	12.7% - 13.4%	(YoY-0.1 - +0.7pt)
<b>Ordinary Profit</b> (in JPY MM)	1,550 - 1,650	(YoY+32.6 - 41.2%)			
<b>Net Profit</b> (in JPY MM)	1,700 - 1,800	(YoY+27.9 - 35.4%)			

#### Notes

(1) Results prior to FY2021 are calculated based on the new revenue recognition standards

(2) Calculated based on the number of shares outstanding at the time of disclosure (58,661,524 shares)

- 1. Company Overview**
- 2. Financial Highlights**
- 3. Q&A**
- 4. Reference Materials**



1

## Company Overview



# RAKSUL

## Our Vision and What We Do

- We strongly believe in realizing a better world by redesigning the structure and value chain of conventional industries with the help of the Internet

## BETTER SYSTEMS, BETTER WORLD





## Direction of Growth

- We will redesign the industrial structure of each indirect cost (indirect materials/services) market through our Integrated Vertical Platforms
- TAM of the peripheral markets is also large, and there is room for expansion (e.g., printing -> packaging, logistics -> warehousing)
- With a fragmented supply-side structure, our strength is in building businesses in markets with room for E-commerce growth

Company P&L

Revenue

—

Direct Cost

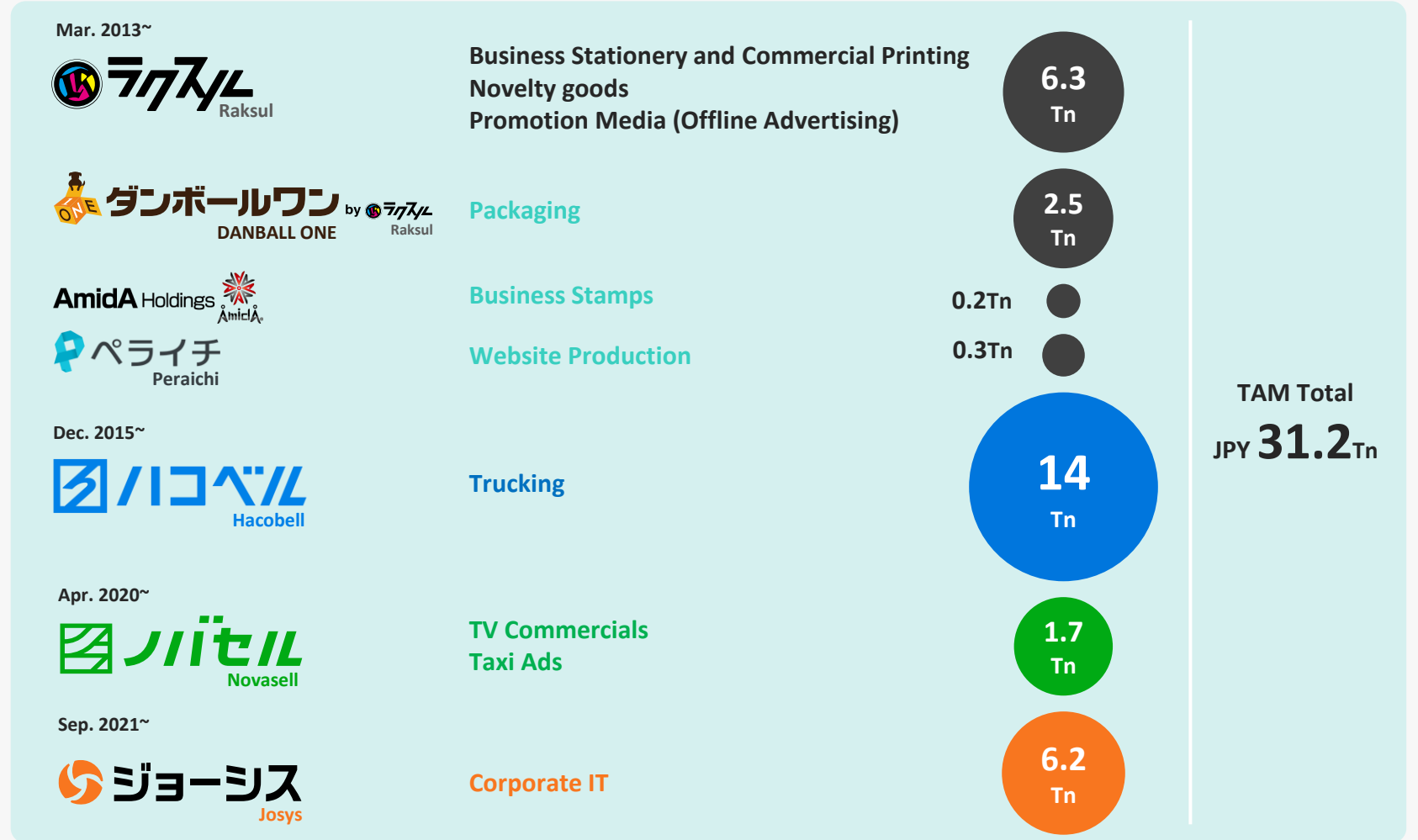
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Indirect Cost

=

Operating Profit

Domestic Indirect Cost Market JPY **140** Tn in Total

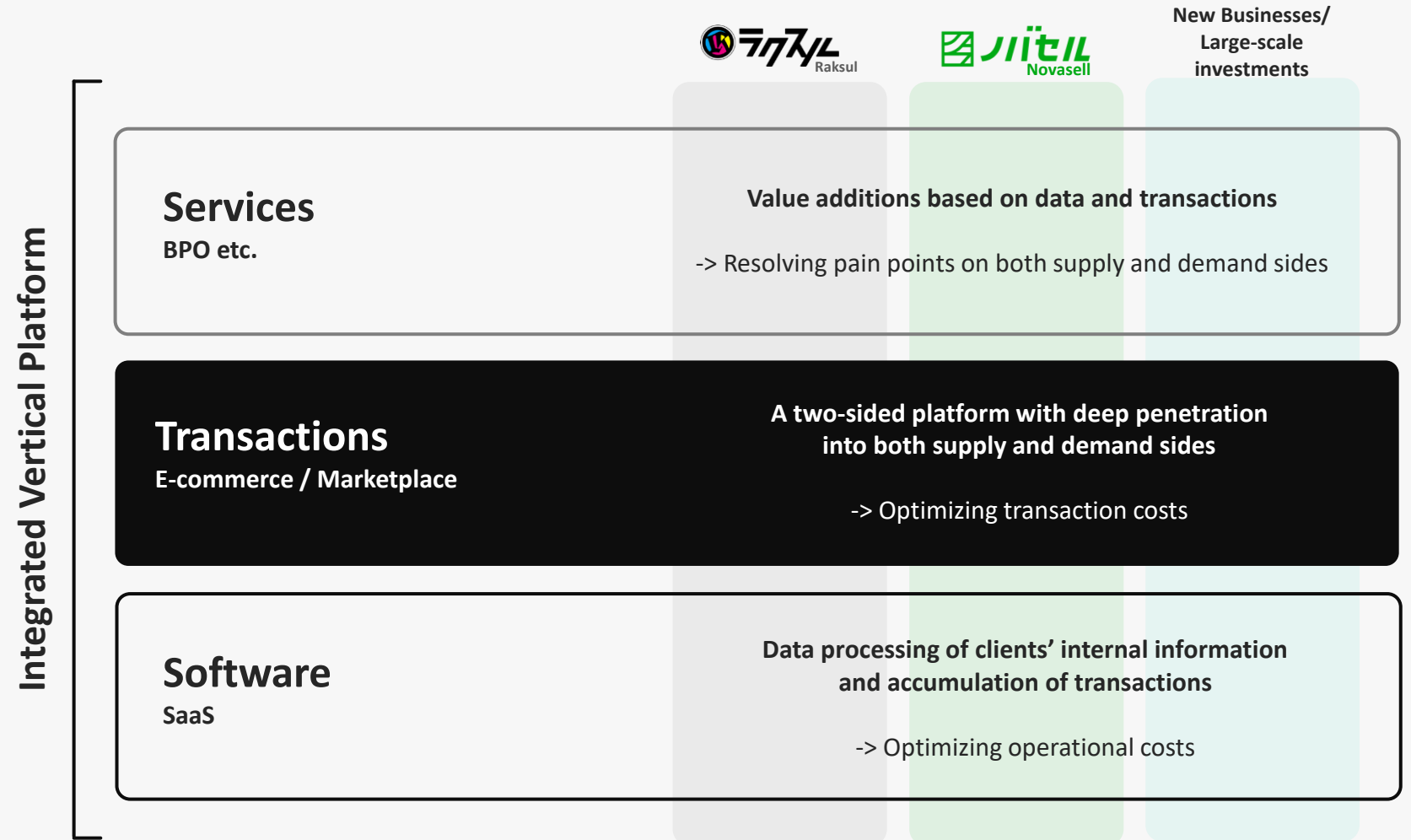






## Business Model

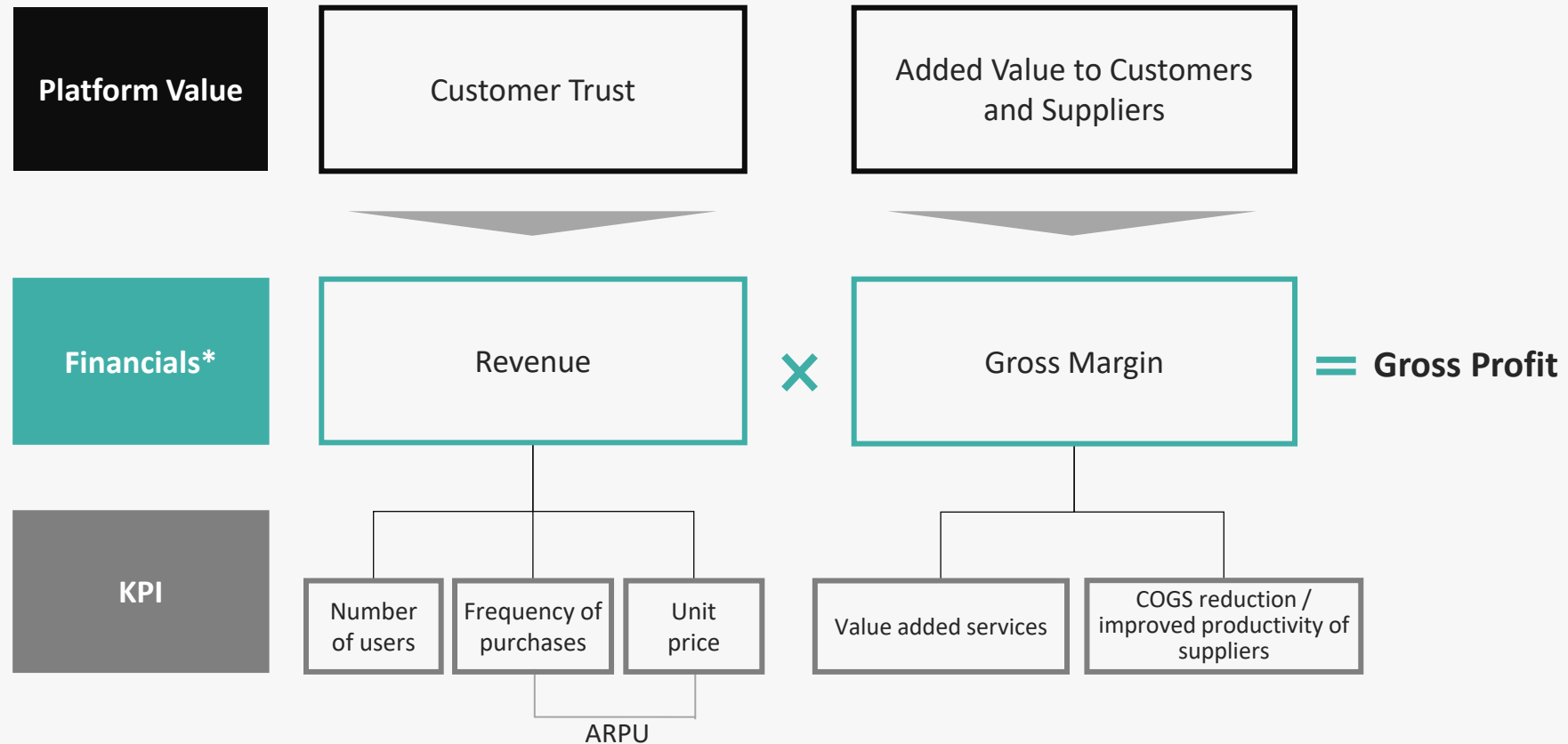
- An Integrated Vertical Platform with “Transactions” as the primary focus as well as “Software” and “Services” for each indirect cost market
- We achieve continuous monetization through transactions (current main source of revenue) by penetrating deeply into both supply and demand, rather than simply matching them
- As a result, our business transforms traditional industries into highly productive and profitable industries by improving the cost efficiencies of transactions and operations





## Our Value Creation Formula

- We focus on growing revenue and gross profit through winning customer trust and maximizing added value to customers and suppliers
- In addition to our existing E-commerce business (transaction based), our SaaS business is expected to expand. Although the revenue size of SaaS is small, its gross margin is high; we consider gross profit to be the indicator that directly links to corporate value



**\*Accounting standards applied to our revenue and gross profit** (excluding the broadcasting services of Novasell)

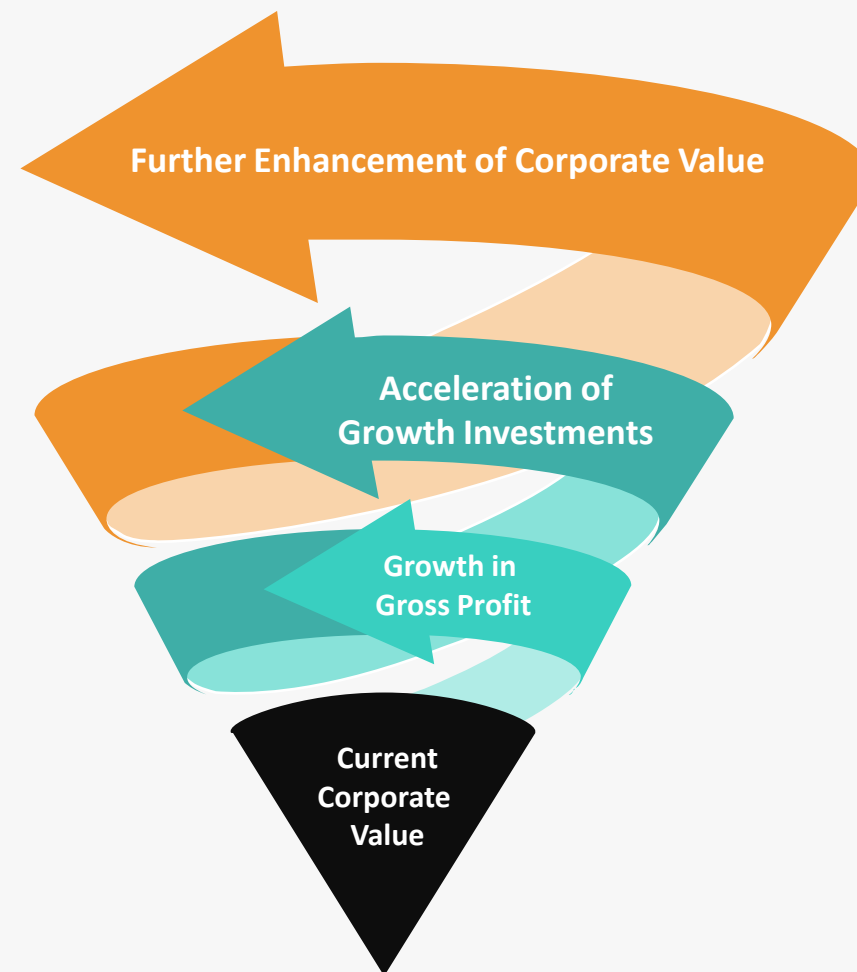
Revenue = gross of payments from customers

Gross profit = gross revenue - cost of sales



## Upward Spiral of Value Creation Through Reinvestment

- By maximizing gross profit, we can continuously generate profit while reinvesting towards greater platform value





## Focus for FY2024

1

### Building foundations to accelerate synergies among businesses

As we expand from our core printing service into multiple service areas, we will focus on building an ID platform, payment platform, sales structure, and other infrastructure to accelerate synergies among businesses

2

### Building a foundation for serial M&A and actual executions of M&A

Cash flow is now structured to expand as a result of Quality Growth, and we have moved to a structure that enables proactive M&A activities. We will focus on building a structure and ensuring solid execution by expanding the M&A team to ensure continuous M&A executions

3

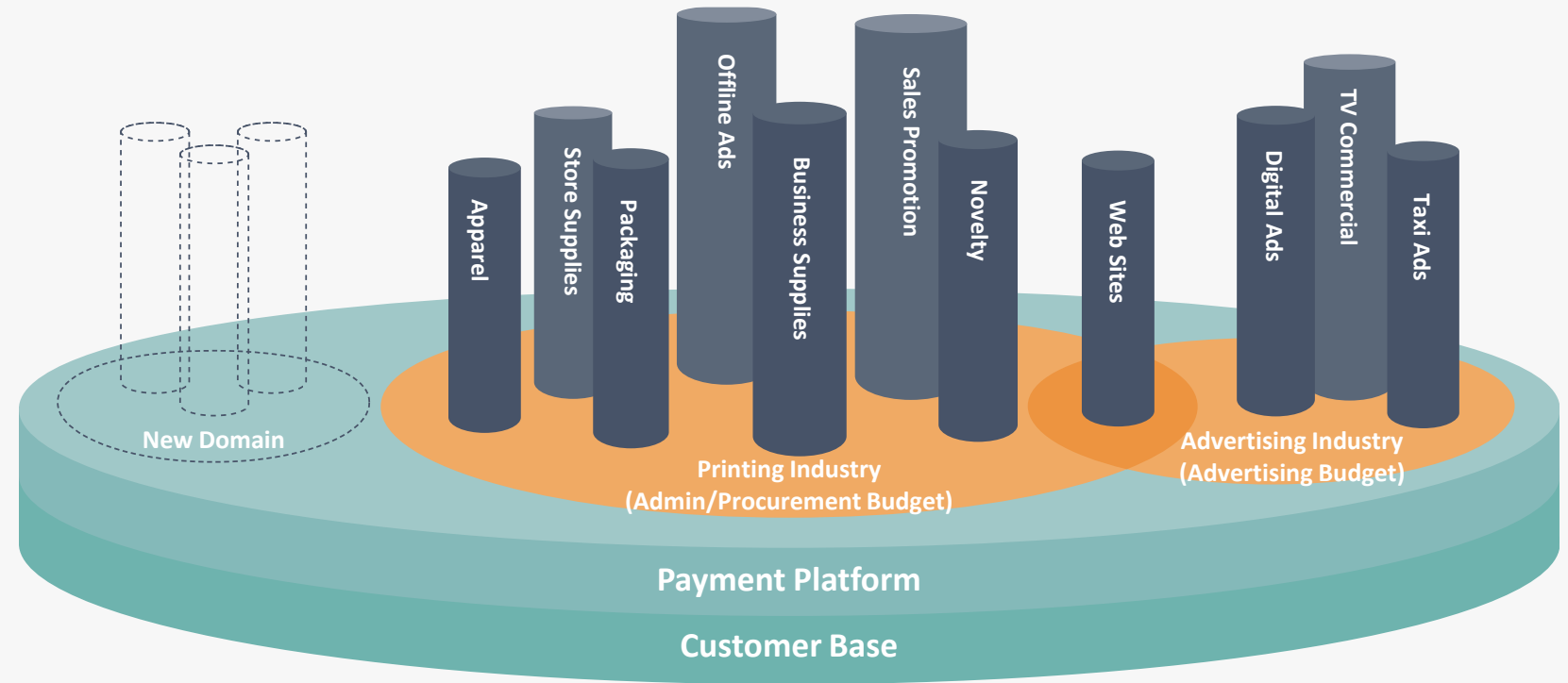
### Software Business Expansion

We will strengthen monetization of software in all businesses

# RAKSUL

## Medium- to Long-Term RAKSUL

- An integrated vertical platform for each industry based on our mission to change the system multiple industries work
- Horizontal platform related to B2B order and supply to expand the business for each industry with reproducibility
- We will build and expand both of these platforms to enhance the value provided to customers and to ensure both scalability and reproducibility to achieve continued growth



### For various industries Solutions (Vertical Platform)

#### Catalyst (example)

- Expand service lineup and increase transaction volume in existing areas (both organic and M&A)
- Expand software business to facilitate order placement and receipt
- Businesses / new solutions for new industries

### B2B ordering platform

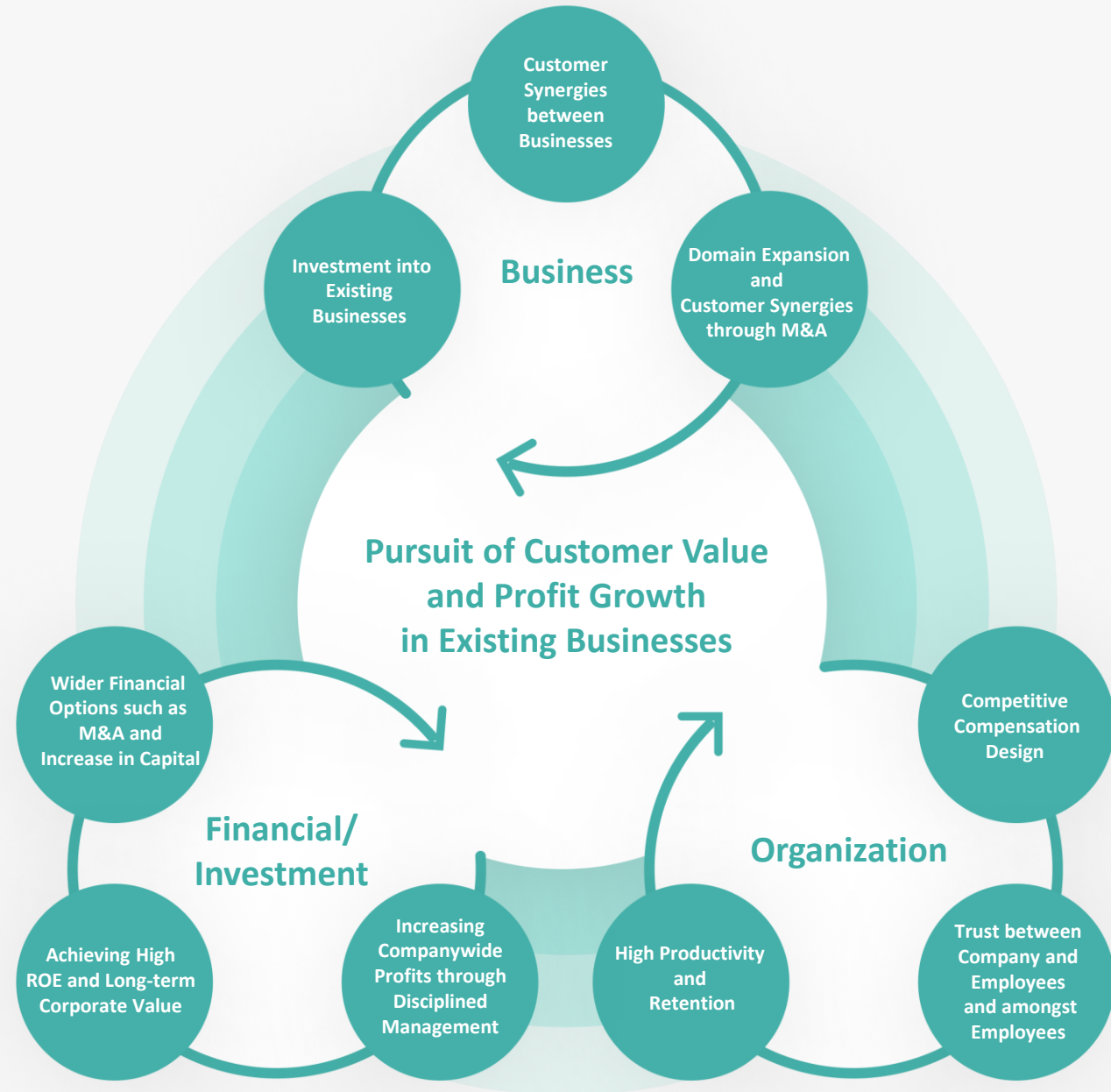
#### (Horizontal functions and infrastructure supporting verticals)

#### Catalyst (example)

- Reduce settlement costs (realize economies of scale) by integrating settlement platforms with M&A companies
- Progress in cross-selling by strengthening sales and CRM functions across the group

## Continued Quality Growth

- Quality Growth (policy of business expansion with profit/CF) continues
- By placing the highest priority in creating a virtuous cycle in the aspects of business, finance/investment, and organization, we are dedicated to pursuing customer value and improving competitiveness of our existing businesses (Raksul/Novasell), and thereby increasing profits as a result





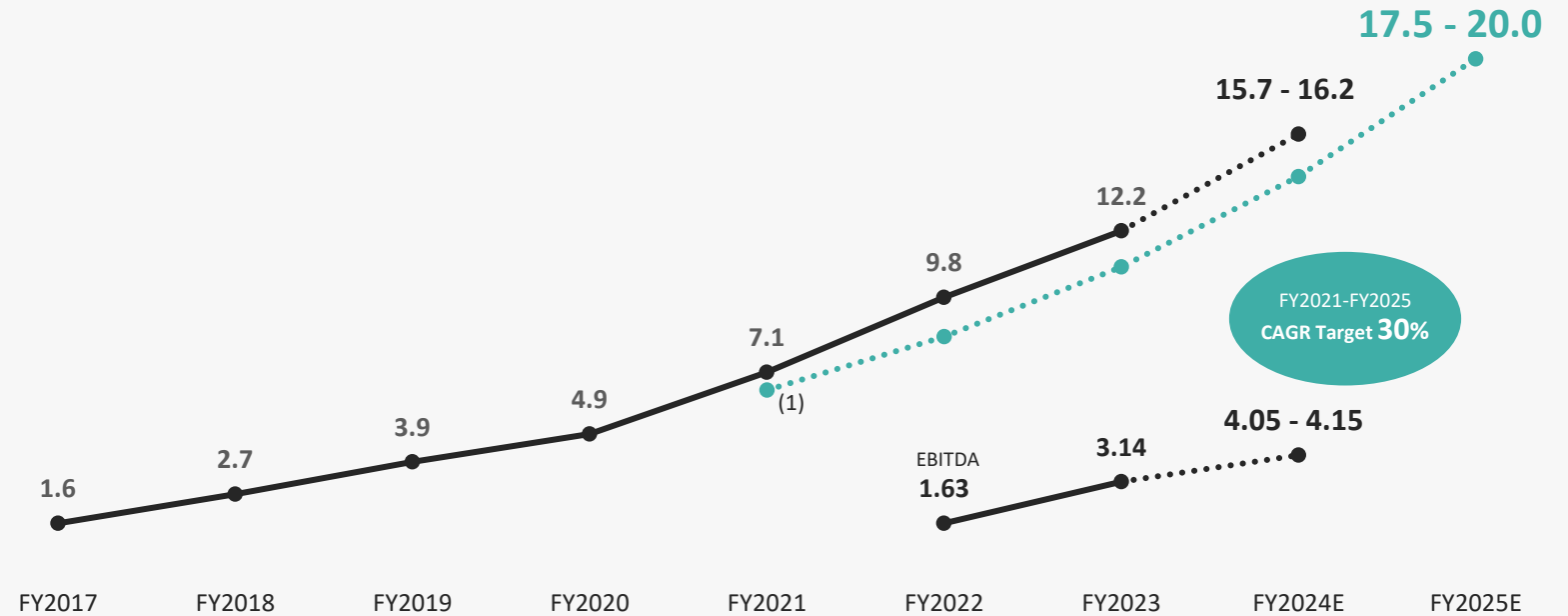
## Medium Term Financial Policy

- Achievement of the targeted gross profit CAGR (FY21-FY25) of 30% is almost assured. With continued growth and the addition of Peraichi and AMIDA to the group, it is almost certain to achieve our gross profit target of JPY 17.5-20.0Bn for FY2025
- EBITDA will increase when gross profit increases. Drivers for profitability improvement are gross margin improvement and SG&A efficiency
- Medium-term ROE/ROIC target is over 20%

Correlation between Gross Profit and EBITDA (in JPY Bn)



Gross Profit: Medium Term Target (in JPY Bn)



**Notes**

(1) Lower range of full-year forecast disclosed on September 10, 2020 (JPY 6.45Bn)

2

**FY2024 (FYE July 2024)  
1st Quarter Financial Highlights**





## Quarterly Financial Highlights

- Both revenue and gross profit remained strong
- Although Novasell reported lower revenue and profits, there is no change in medium to long-term momentum
- EBITDA remained high while maintaining sustainable growth; actual earning power, excluding approximately JPY 75MM in TOB costs for AMIDA, exceeded JPY 1Bn

		FY2024 1Q (2023/8-2023/10)		
(in JPY MM)		Actual	FY2023 1Q Actual	YoY
Revenue		<b>11,228</b>	9,338	+20.2%
	Raksul	<b>10,451</b>	8,540	+22.4%
	Novasell	<b>360</b>	643	<b>-44.0%</b>
Gross Profit		<b>3,659</b>	2,847	+28.5%
	Raksul	<b>3,111</b>	2,440	+27.5%
	Novasell	<b>262</b>	368	<b>-28.7%</b>
Gross Margin		<b>32.6%</b>	30.5%	+2.1pt
Incl.: Stock-based compensation expense		<b>122</b>	180	<b>-32.0%</b>
Incl.: Ad spend		<b>765</b>	714	+7.1%
EBITDA		<b>938</b>	753	+24.6%
Operating Profit (J-GAAP)		<b>541</b>	391	+38.2%

# RAKSUL

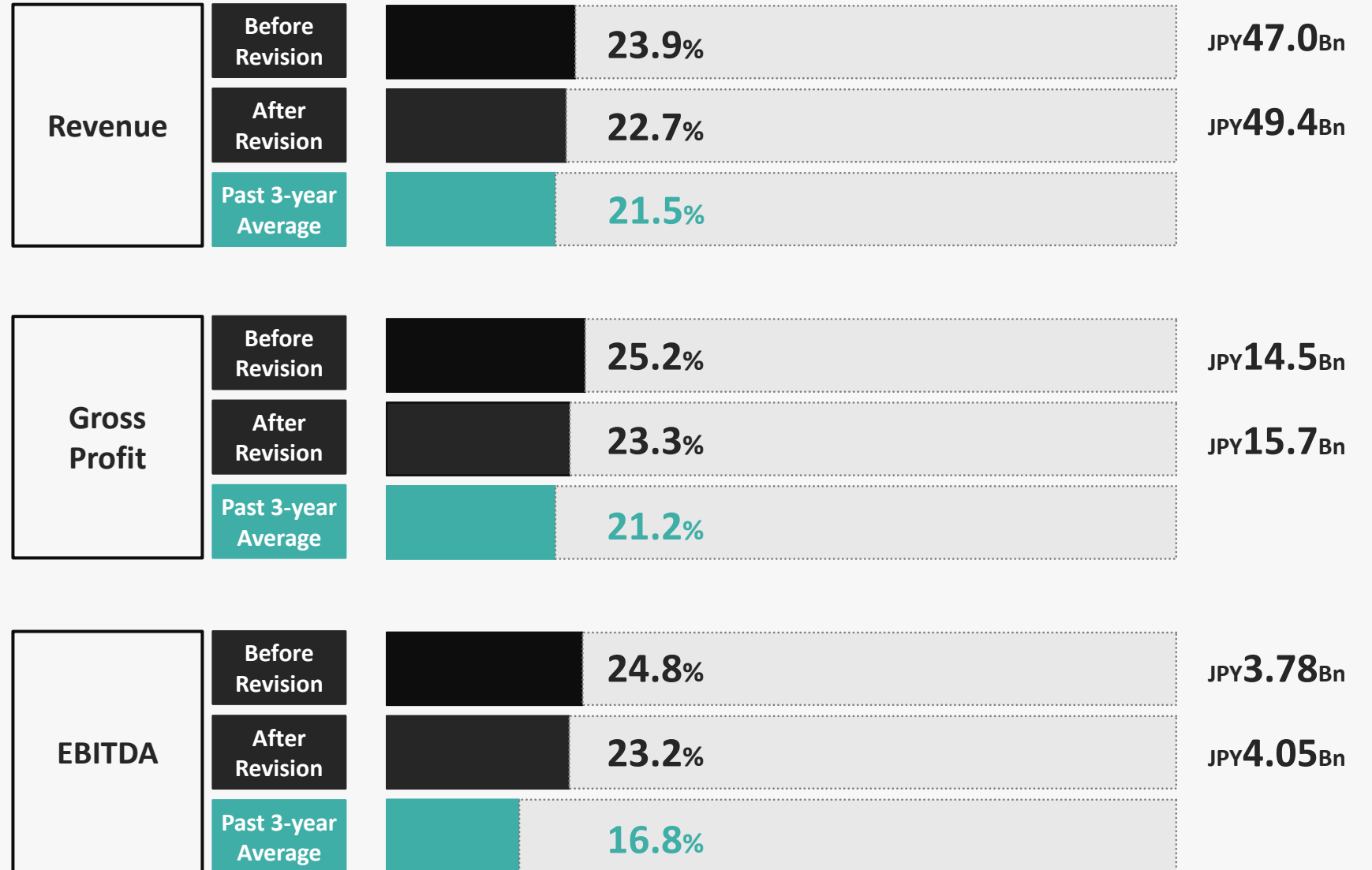
## Changes in Accounting for Each Segment

- Three changes from 1Q for FY2024
- Merger of DANBALL ONE has no numerical impact
- Consolidation of RAKSUL FACTORY has no impact on revenue, but boosted gross margin of Raksul business by approx. +1pt
- Consolidation of Peraichi expect to add JPY +0.3Bn to 1Q revenue, JPY +0.24Bn to gross profit, and has almost no impact on EBITDA
- AMIDA will be consolidated from 2Q

		FY2023				FY2024			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
 Raksul	Consolidated subsidiary of DANBALL ONE					Merged with DANBALL ONE			
	Net Square, equity-method affiliate				RAKSUL FACTORY founded	RAKSUL FACTORY as a Wholly-Owned Subsidiary (Consolidated)			
						AMIDA as a Wholly-Owned Subsidiary (Consolidated)			
Others	Peraichi, equity-method affiliate					Consolidation of Peraichi			
						Equity-Method Affiliate (Non-consolidated)			
 Hacobell									

## Progress Rate against Full-Year Forecast

- Steady progress against the full-year forecasts before and after AMIDA joining our group, at a higher level than the average of the past 3 years
- In FY2024 2Q, with the consolidation of AMIDA, revenue is expected to increase +22-25% YoY, gross profit to increase +35-40% YoY, and EBITDA to increase JPY 1Bn-1.05Bn

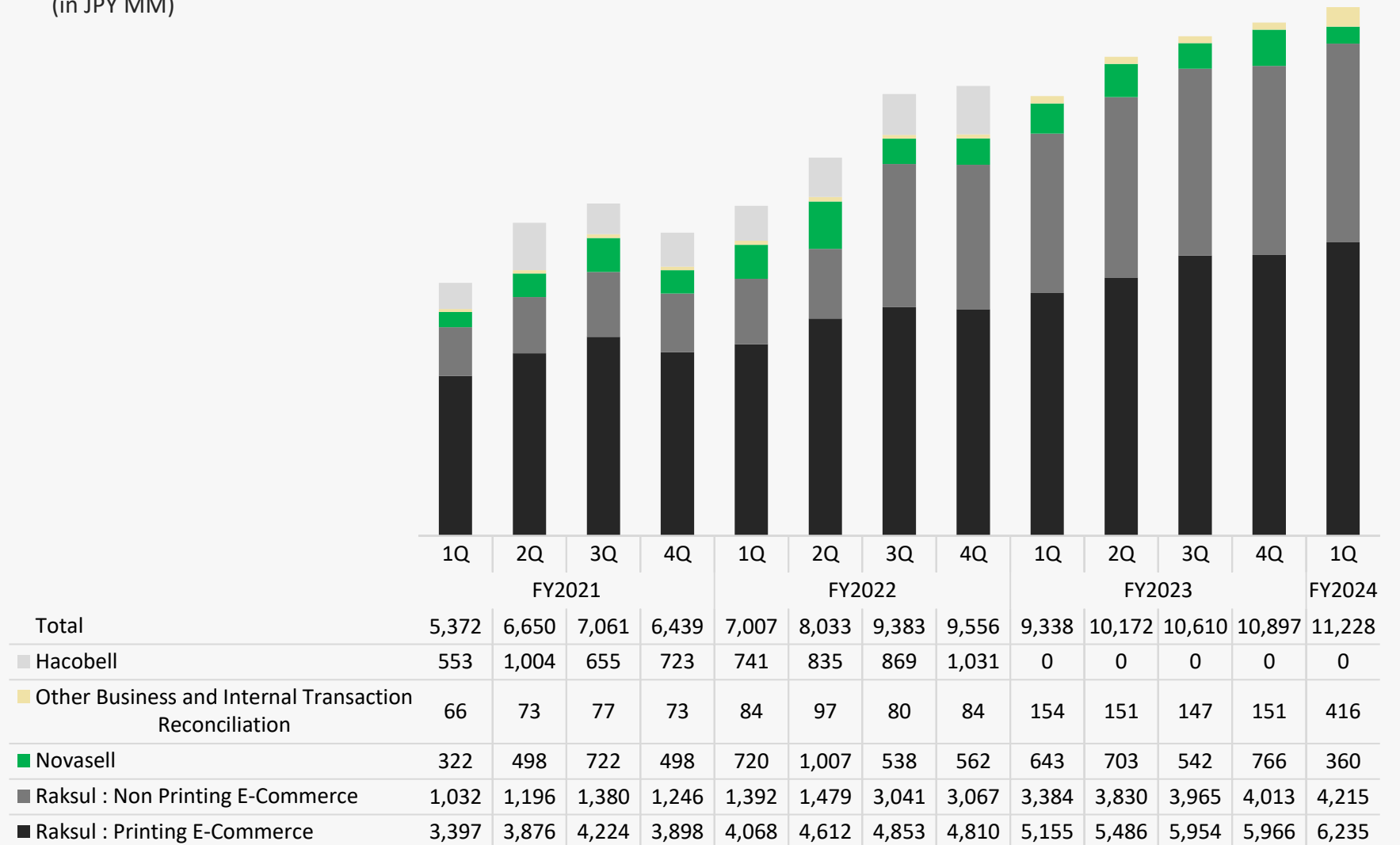


## Revenue by Business

### Segment

- No major changes in business environment, company-wide revenue continued to grow QoQ

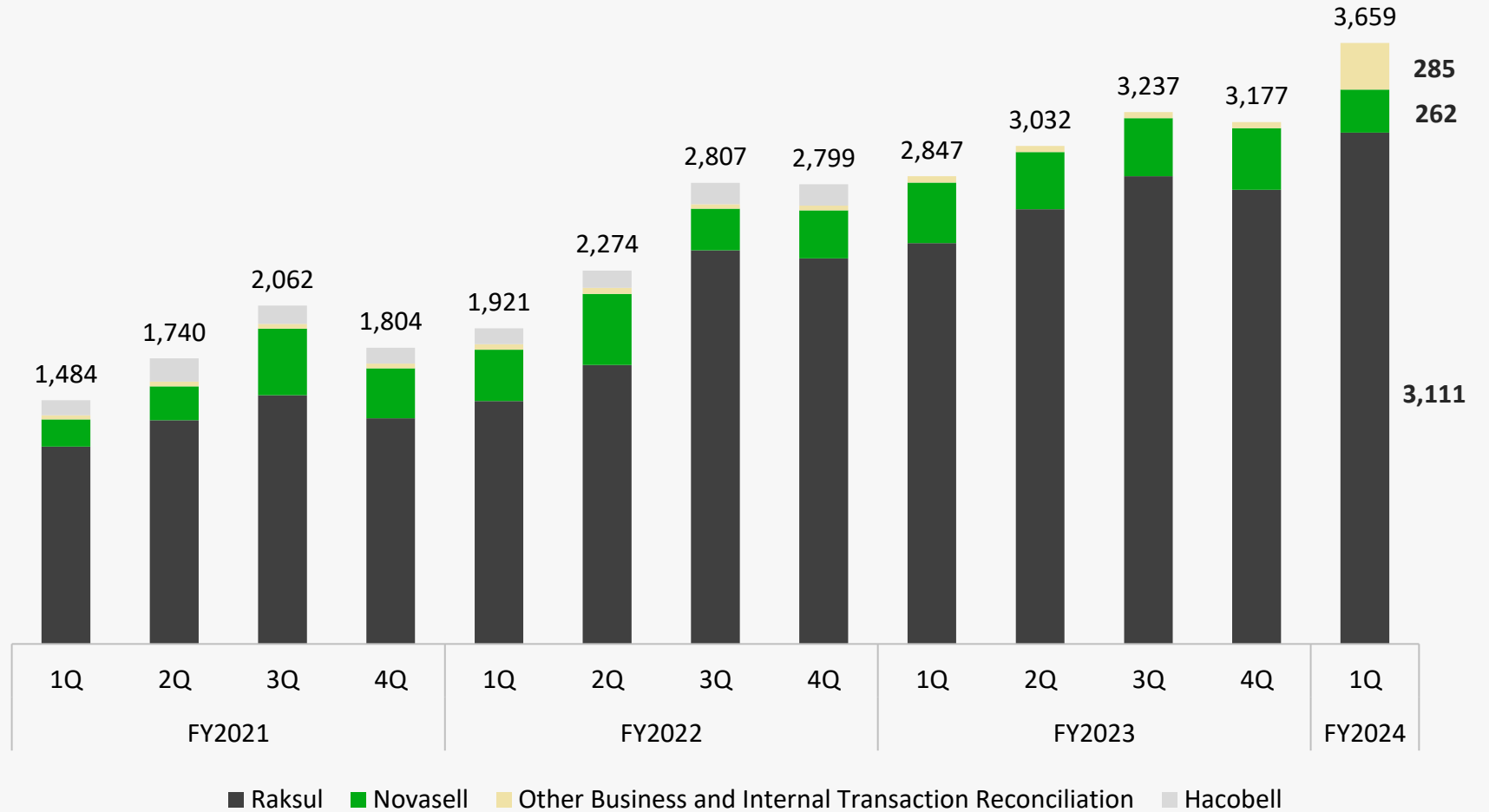
(in JPY MM)



## Gross Profit

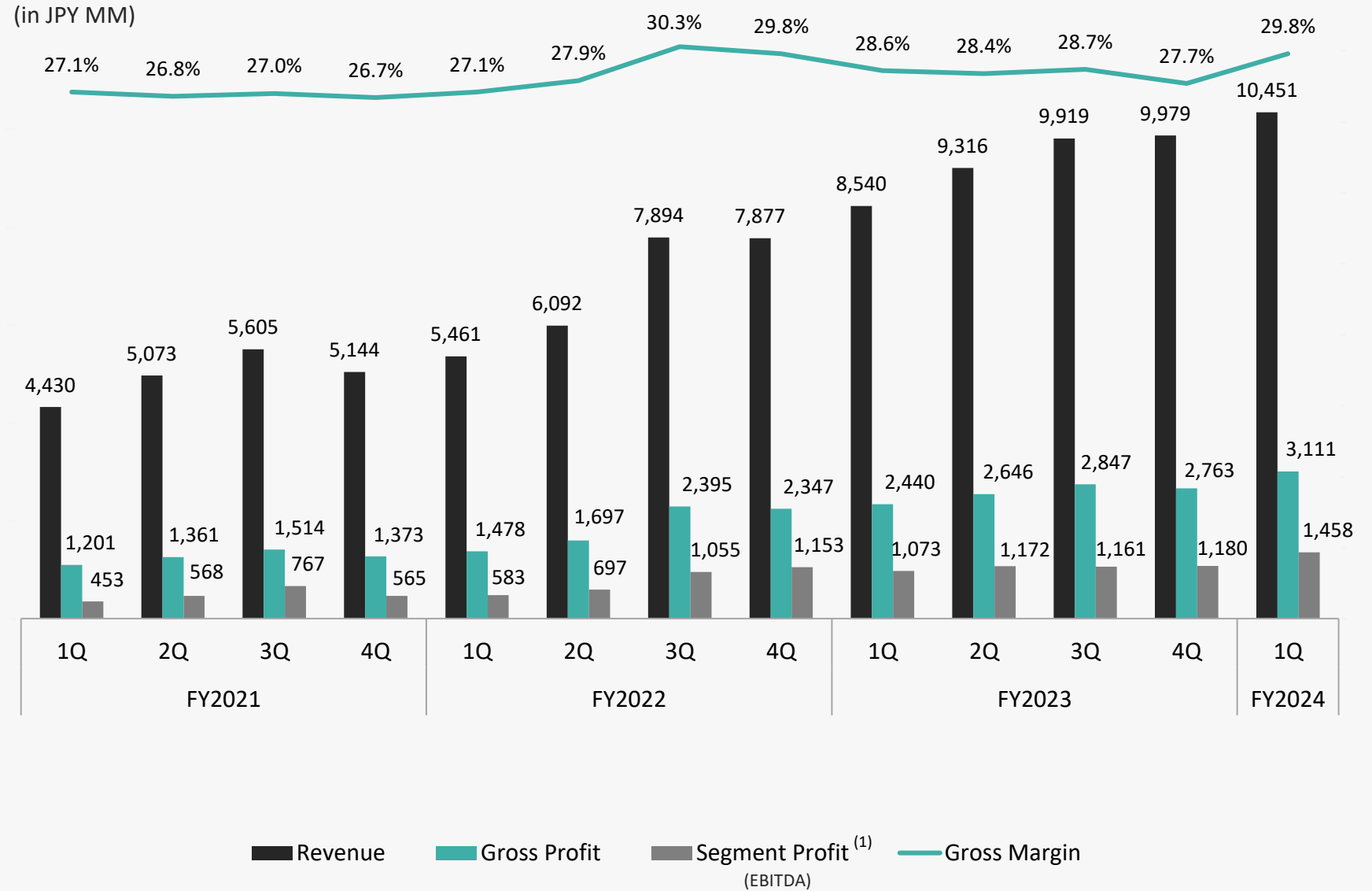
- Gross profit continues its growth trend driven by revenue growth and stable gross margin
- Image of gross margin
  - Raksul Business : 27 - 30%
  - Novasell Business : 40 - 50%

(in JPY MM)



# Business Segment Performance

- Gross margin rose to 29.8% due to pricing revisions and contributions from RAKSUL FACTORY
- Gross margin is expected to increase to around 31.0% as AMIDA begins to contribute to the business performance from 2Q



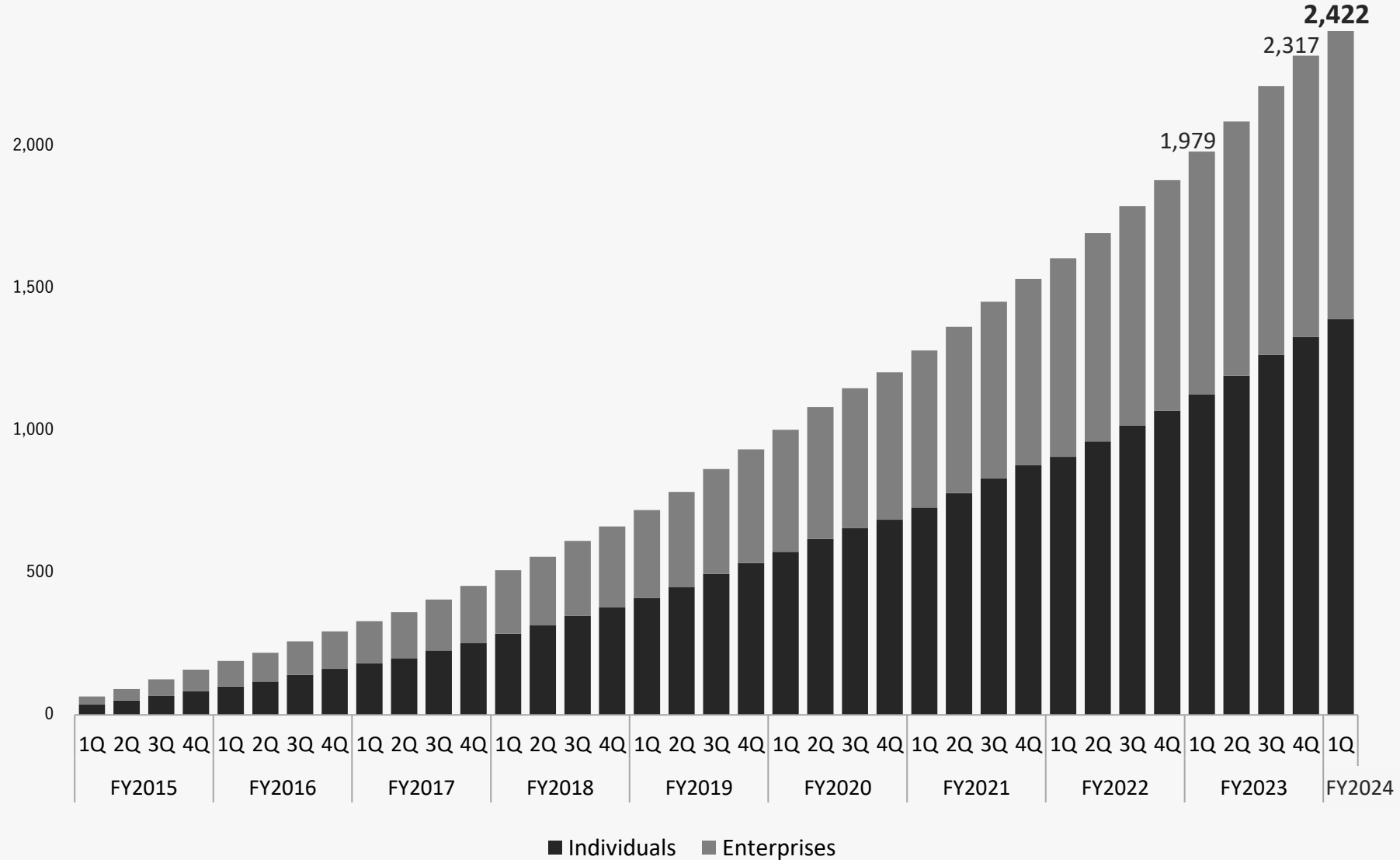
Notes  
 (1) SG&A expenses include internal transactions



# Number of Registered Users on Printing Platform (1)

- Our customer base continues to grow
- The number of total users for 1Q was 2,422,578

(unit: 1,000 users)

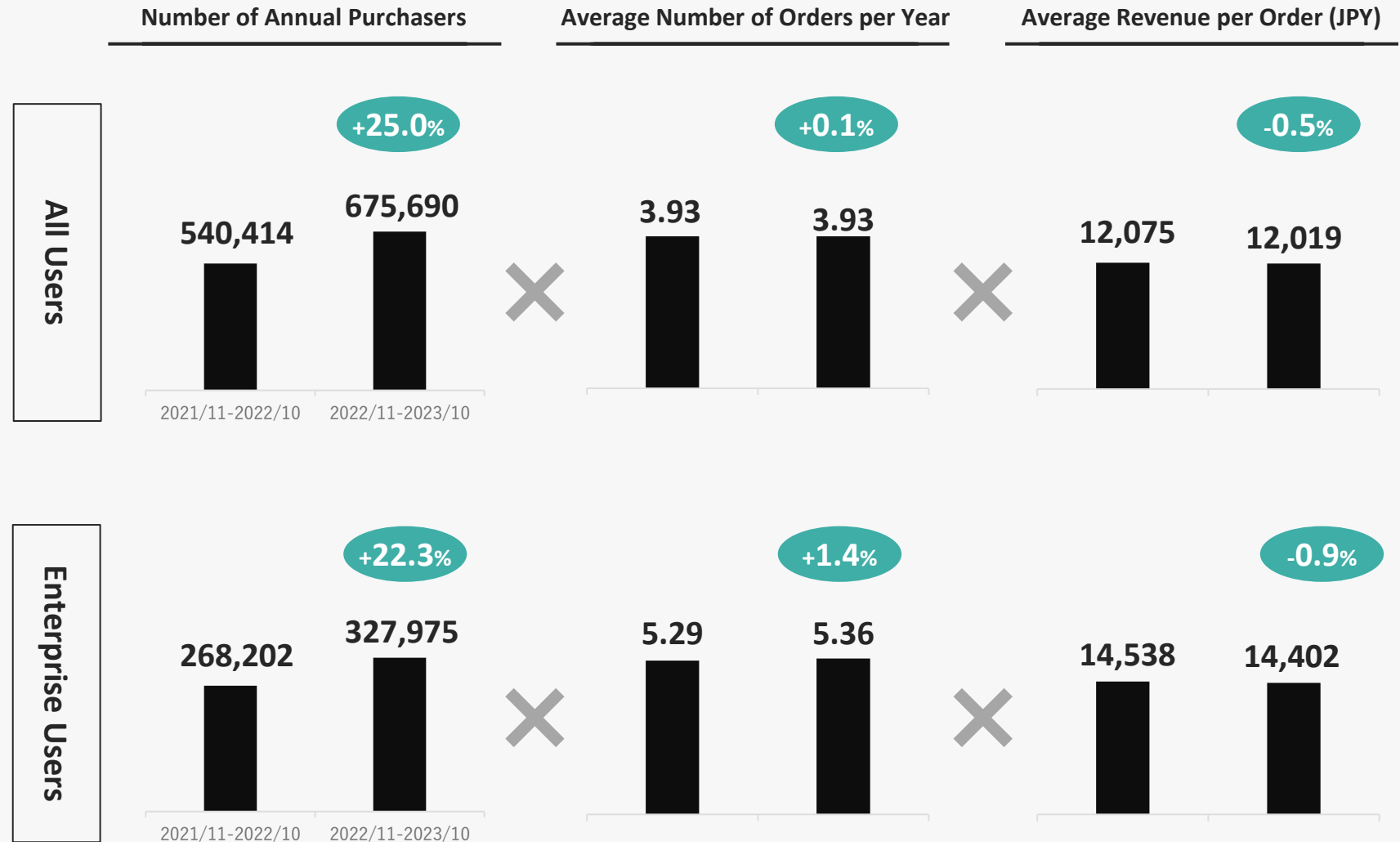


**Notes**

(1) Number of total registered users for raksul.com

## KPI Trend (1)

- Annual number of purchasers continues to grow
- Average number of orders by all users turned positive from 1Q and the decline in average revenue per order is narrowing
- The average revenue per order decreased due to an increased number of users for low-price products such as business cards. Excluding business cards, the average revenue per order is around JPY 15,780 (YoY +1.7%). Average unit price excluding business cards remained positive in YoY
- For DANBALL ONE, the number of annual purchasers (2022/11-2023/10)<sup>(2)</sup> is 191k users and ARPU (Average Number of Orders per Year x Average Revenue per Order) is around JPY 39k



### Notes

- (1) Excluding DANBALL ONE, calculated based on management accounting
- (2) Only transactions through the company's own e-commerce website





## About AMIDA (consolidated from November)

- Contribution to earnings starts from 2Q onward
- Temporary demand due to invoice demand has run its course and growth at cruising speed is factored in
- PMI is underway with a plan in place

### Financial impact

- The impact on our consolidated performance for FY2024 (consolidate from 2Q) is approximately JPY +2.0Bn in revenue, JPY +1.1Bn in gross profit, JPY +270MM in EBITDA, and JPY +80MM in operating profit (after goodwill amortization)
- Acquisition-related expenses of approx. JPY 75MM are included for 1Q
- AMIDA's business results will be disclosed as Raksul Business Segment

### Business Performance Trends

- Although temporary demand is being generated in the period up to October due to the start of the invoice system, we expect organic revenue growth in the low single digits from November, the month of the consolidation
- With PMI plan in place, we are aiming to gradually create synergies starting with customer sharing, etc. and for it to become a highly competitive product category in the Raksul business

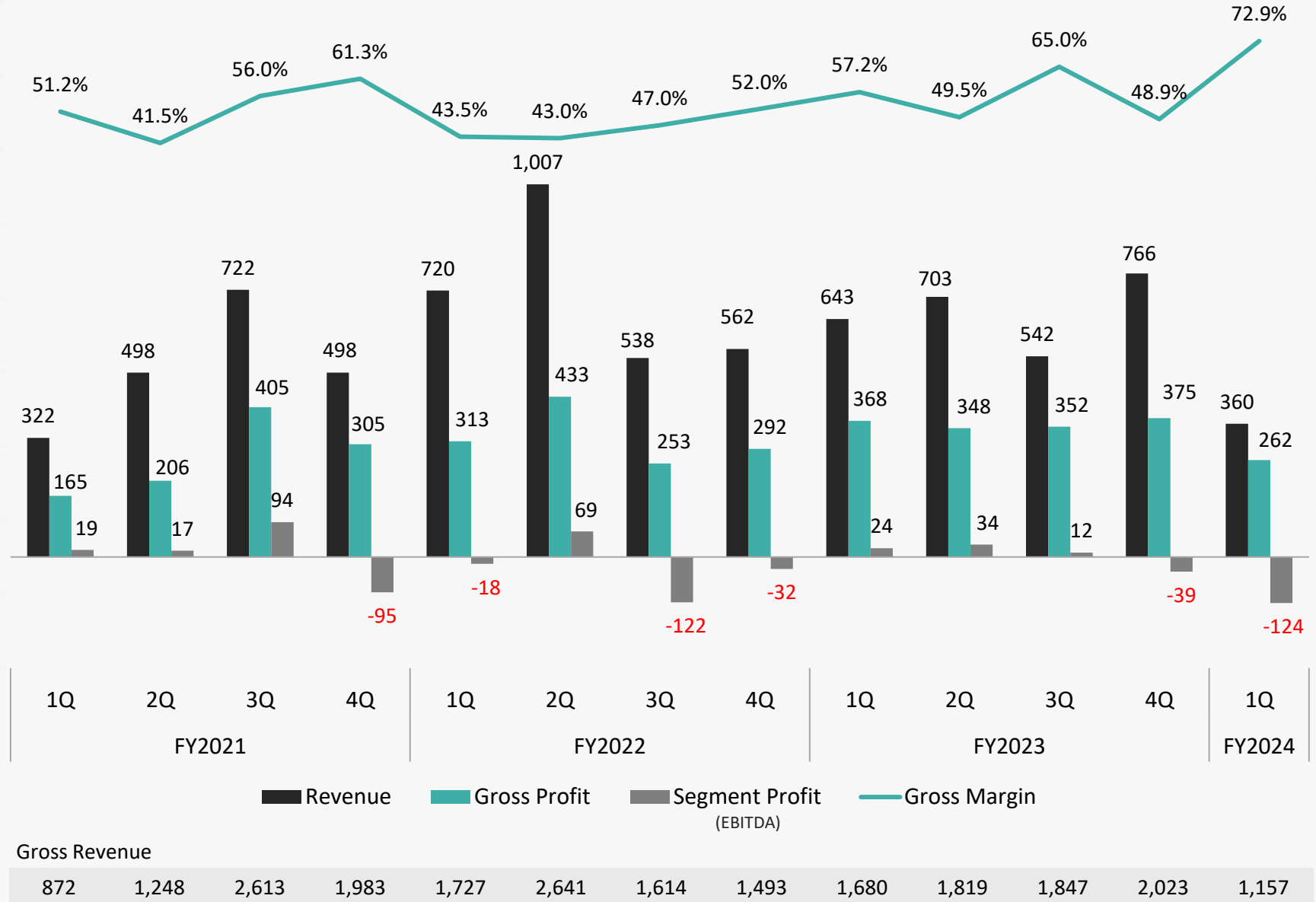
### Purpose

- **Expansion of customer base** : A product category of Japanese business stamps has potential to become a traffic builder (a product that drives new customers) comparable to flyers, business cards, and cardboard/packaging materials. Around 10% of the new businesses registered in Japan each year (approx. 12,000 companies) uses AMIDA's service. The market for Japanese business stamps is worth JPY 150-200Bn and while the market is in a slight downtrend, there is large room for e-commerce growth
- **Cross-selling potential** : Japanese business stamps are often purchased together with office printing products, such as business cards and envelopes, and synergies can be expected from mutual cross-selling
- **Contribution to Quality Growth** : With gross margin of around 55% and EBITDA margin of just under 15%, AMIDA's level of profitability is higher than that of RAKSUL's. Profitability is expected to improve further due to reduced listing maintenance costs

## Segment Performance (1)

- Growth in new orders in the agency business were stagnant, resulting in lower YoY revenue and profits
- New orders in the agency business are recovering; in 2Q, both revenue and gross profit are expected to exceed those of the previous year, and segment profit is also expected to return to profitability
- SaaS quarterly revenue increased to JPY 108MM (YoY +41.2%)
- By applying the new revenue recognition standards, revenue is netted for broadcasting services, and gross revenue is recognized for production and SaaS services

(in JPY MM)

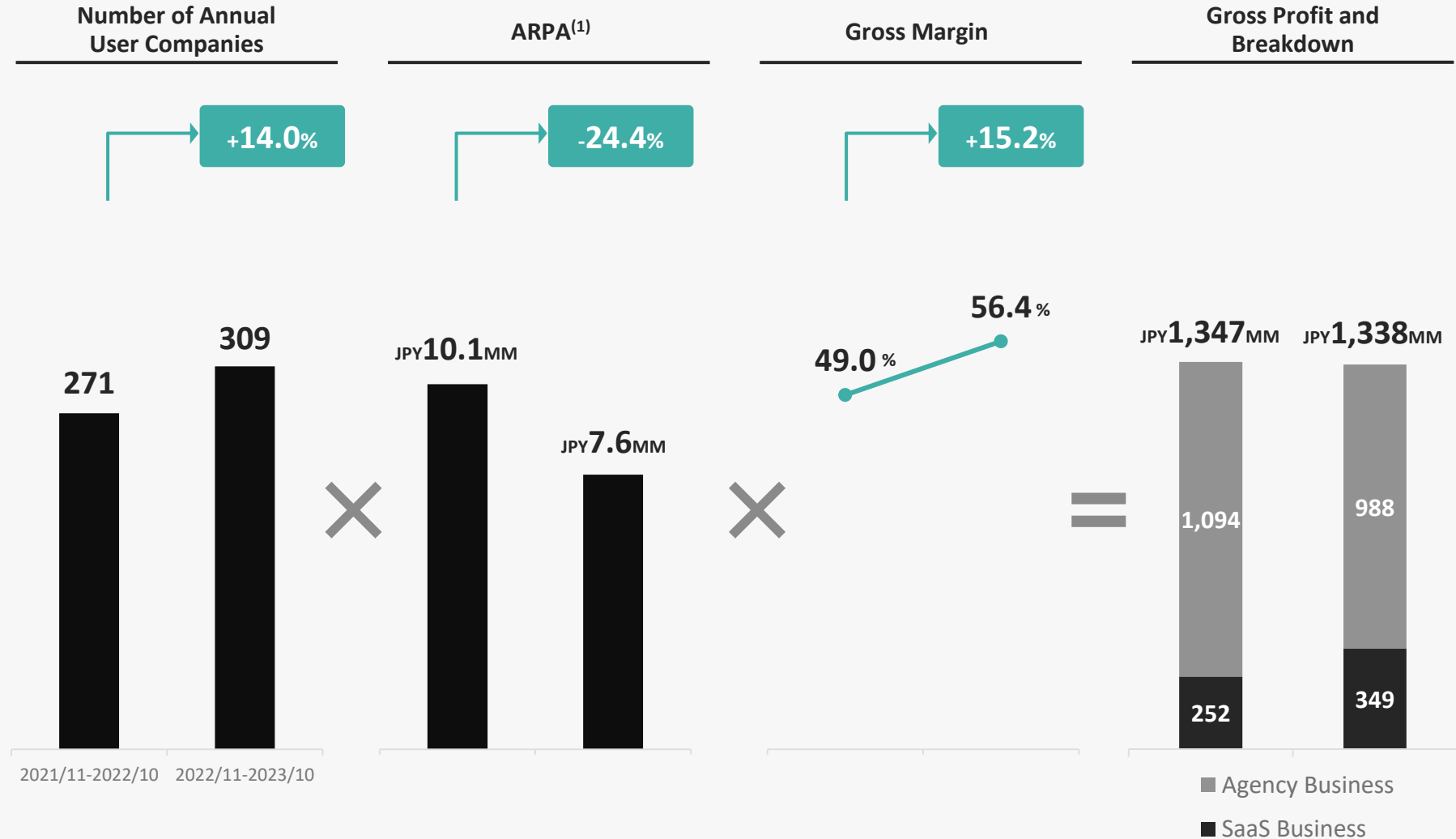


**Notes**

(1) Internal transactions included in revenue, gross profit, and SG&A

## KPI Trend

- Changed to KPI disclosure tailored to the hybrid of SaaS and agency businesses
- ARPA declined due to lower revenue in the agency business and strong SaaS business. In the meantime, unit price is rising in SaaS business
- Total number of SaaS users for 2022/11-2023/10 was 171 companies (-2.3% YoY). More than 95% of them are using paid services, and the number of companies using paid services increased +9.3% YoY



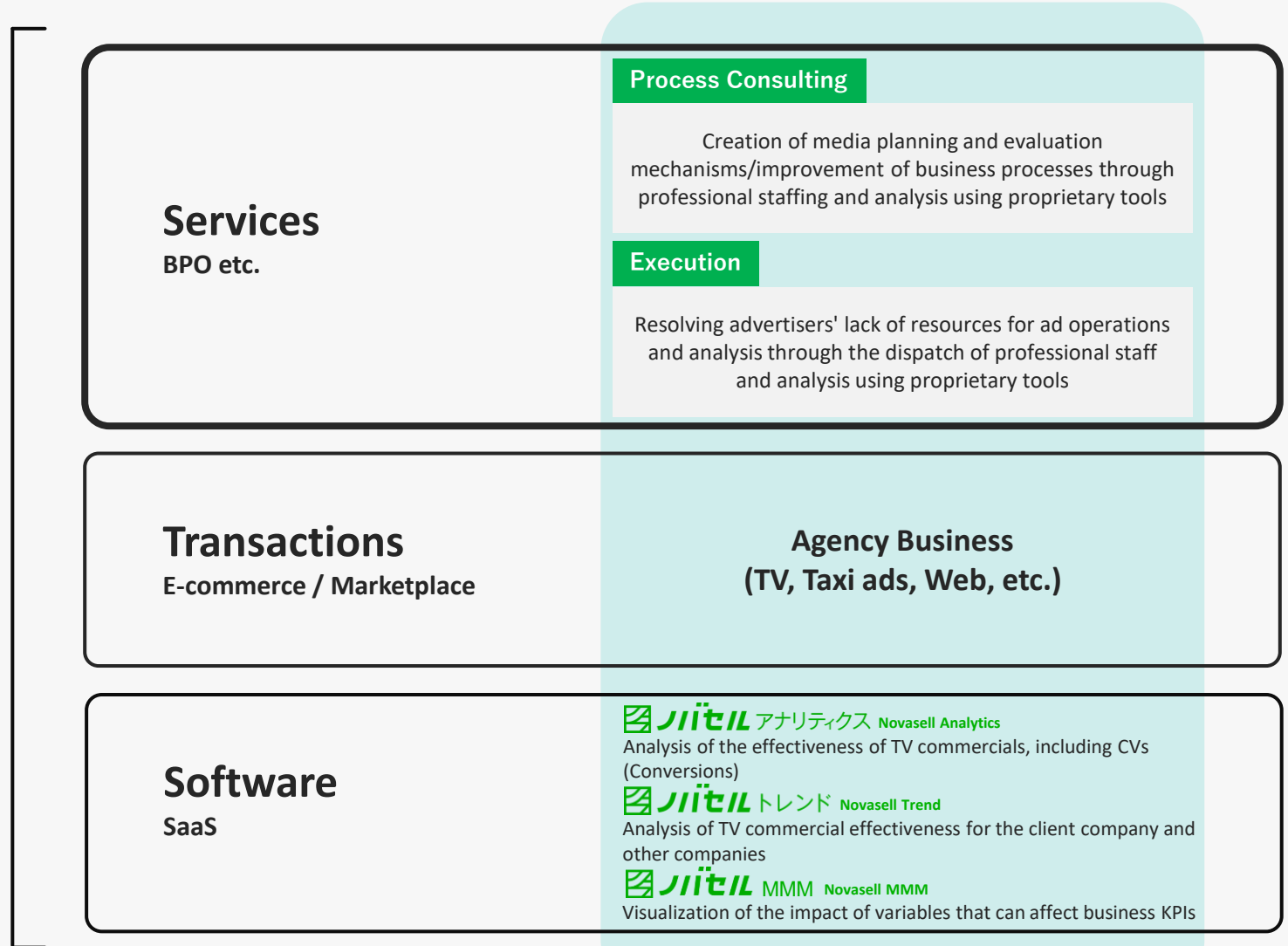
Notes  
 (1) ARPA=Average Revenue Per Account



## Service design to build long-term relationships with customers

- Launched a consulting service called “Novasell Professional” on November 30<sup>th</sup>, providing a third-party perspective in addition to the layers of Novasell’s existing services such as software and transactions
- We build long-term relationships with our clients and provide neutral campaign design, evaluation, and execution services that only Novasell can provide

Integrated Vertical Platform





## Overview of Peraichi Inc.

- As part of the software business expansion into the sales promotion area utilizing Raksul's customer base, we acquired their shares in September 2020 and consolidated from 1Q FY2024
- The financial impact on FY2024 results is expected to be about JPY +1.1Bn in revenue, +0.8Bn in gross profit, -0.2Bn in EBITDA, and -0.3Bn in operating profit (including amortization of goodwill). Managed as part of other businesses
- Although not included in the forecast at the beginning of the fiscal year, each figure in the initial plan is expected to be achieved due to strong company-wide performance



Company name : Peraichi Inc.  
 Business : Operation of Website creation SaaS "Peraichi"  
 CEO : Kunihiro Yasui

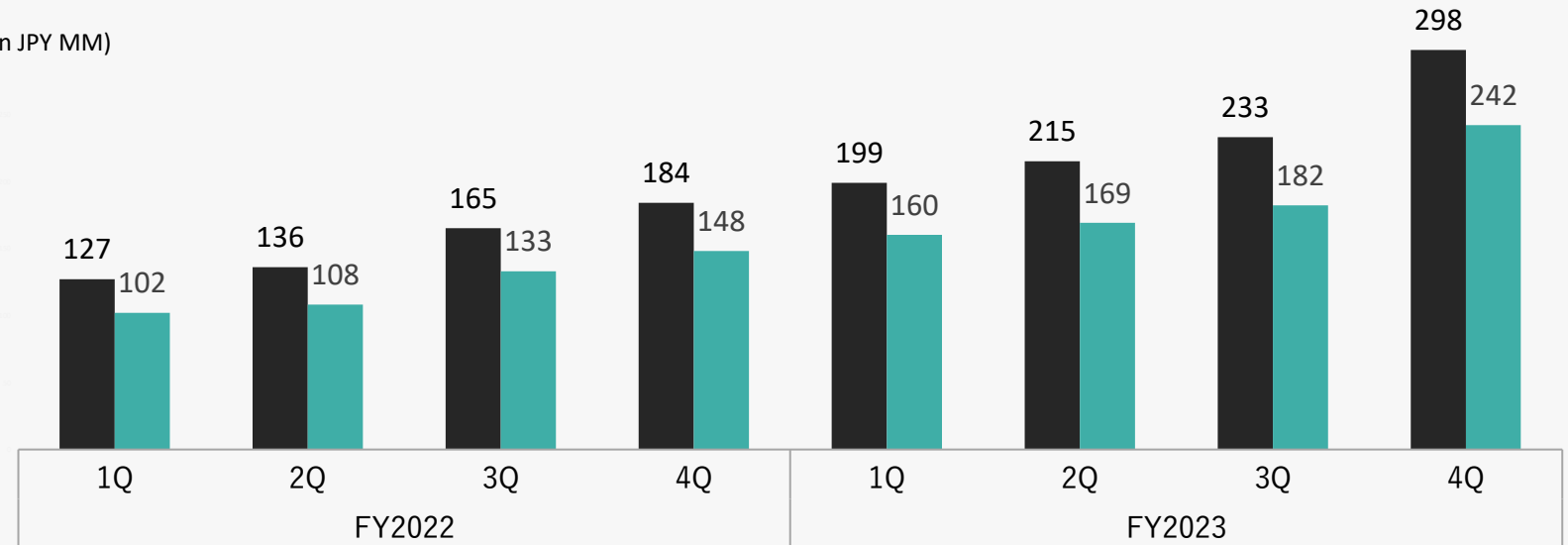
### Service Overview

- SaaS service which enables anyone to easily create a website
- Offers payment function for online shops
- Highly compatible with printing E-commerce (commercial printing) as the service is utilized by SMEs in various industries nationwide for sales promotion and marketing purposes



### Financial Performance<sup>(1)</sup>

(in JPY MM)



**Notes**

(1) The fiscal year differs from that of RAKSUL, and the financial results of Peraichi are disclosed on a non-consolidated basis





(Reference)

Key Drivers and

Investment Points for KPI

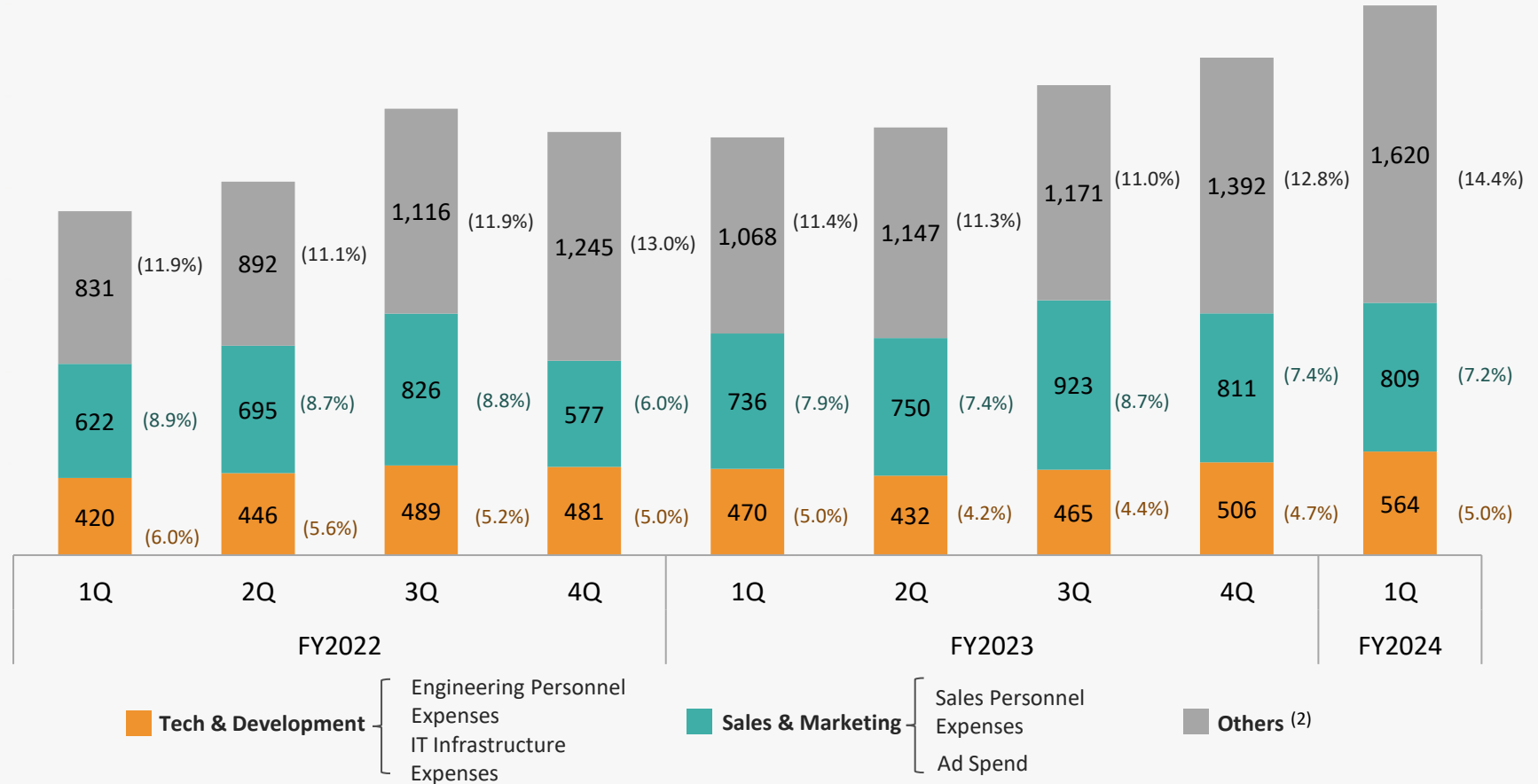
Improvement

	Number of Annual Purchasers	ARPU		Gross Margin
 <b>Raksul</b>	<ul style="list-style-type: none"> <li>• Continuous improvement of marketing measures</li> <li>• Expansion of business domains and product line-up</li> </ul>	<b>Average # of Orders</b> <ul style="list-style-type: none"> <li>• Improvement of customer experience</li> <li>• Continuous expansion of CRM and cross-selling</li> </ul>	<b>Average Unit Price</b> <ul style="list-style-type: none"> <li>• Services to promote usage by large enterprises</li> </ul>	<ul style="list-style-type: none"> <li>• Price optimization</li> <li>• Support for suppliers in productivity and cost optimization</li> <li>• Cost improvement through joint procurement of materials</li> </ul>
 <b>Novasell</b>	<ul style="list-style-type: none"> <li>• Expansion of marketing channels</li> <li>• Partnerships with external advertising agencies</li> </ul>	<ul style="list-style-type: none"> <li>• Formulation/implementation of marketing strategies working closely with the clients</li> <li>• Improvement in analytics contents for Novasell Analytics</li> <li>• Expansion and enhancement of media</li> </ul>		<ul style="list-style-type: none"> <li>• Expansion of SaaS business</li> <li>• Increase in the number of large enterprise users with large broadcasting budgets</li> </ul>

## SG&A Spend (1)

- We continue to invest in growth mainly in advertising and technology development

(in JPY MM, % of revenue)



### Advertising expenses and ratio of advertising expenses to revenue in Sales & Marketing

585	660	777	533	714	741	912	752	765
8.4%	8.2%	8.3%	5.6%	7.7%	7.3%	8.6%	6.9%	6.8%

#### Notes

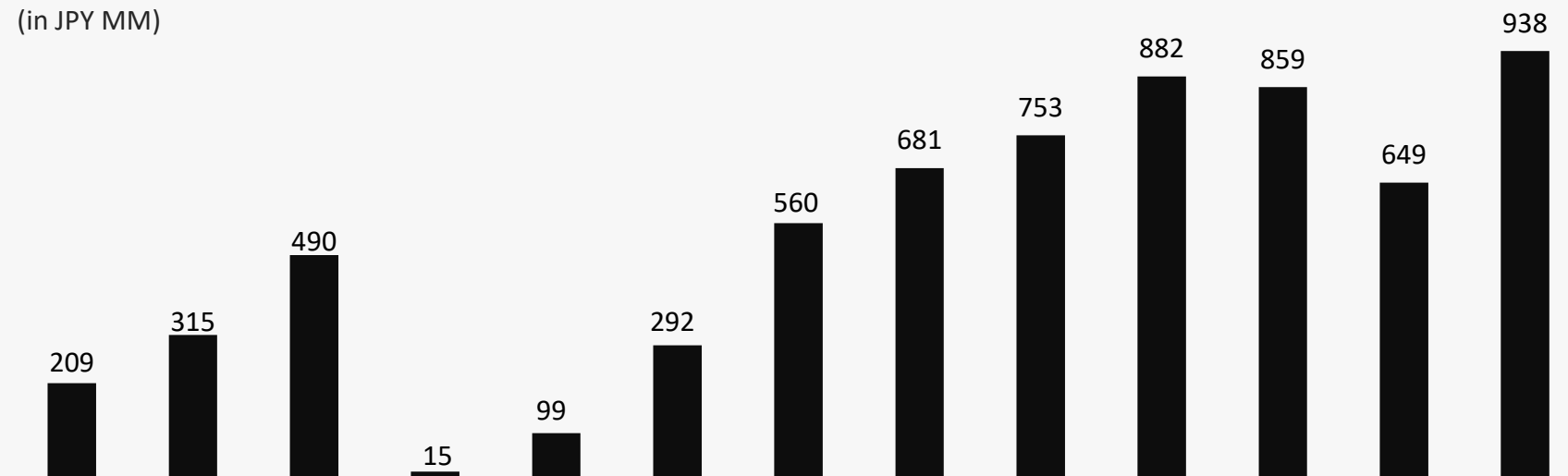
(1) Stock-based compensation expenses not included

(2) Includes depreciation and amortization of goodwill. See EBITDA slide for amounts

## EBITDA

- Record high profits in 1Q; record high profits are expected to be updated in 2Q
- Excluding approximately JPY 75MM in TOB costs for AMIDA, profitability rose to over JPY 1Bn
- The only GAAP adjustment item is the stock-based compensation expenses; J-GAAP EBITDA equals non-GAAP EBITDA minus stock-based compensation expenses. J-GAAP operating profit is J-GAAP EBITDA minus depreciation and amortization of goodwill

(in JPY MM)



### Depreciation and amortization of goodwill

48	48	49	51	51	52	185	185	181	181	182	183	274
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### Stock compensation expenses

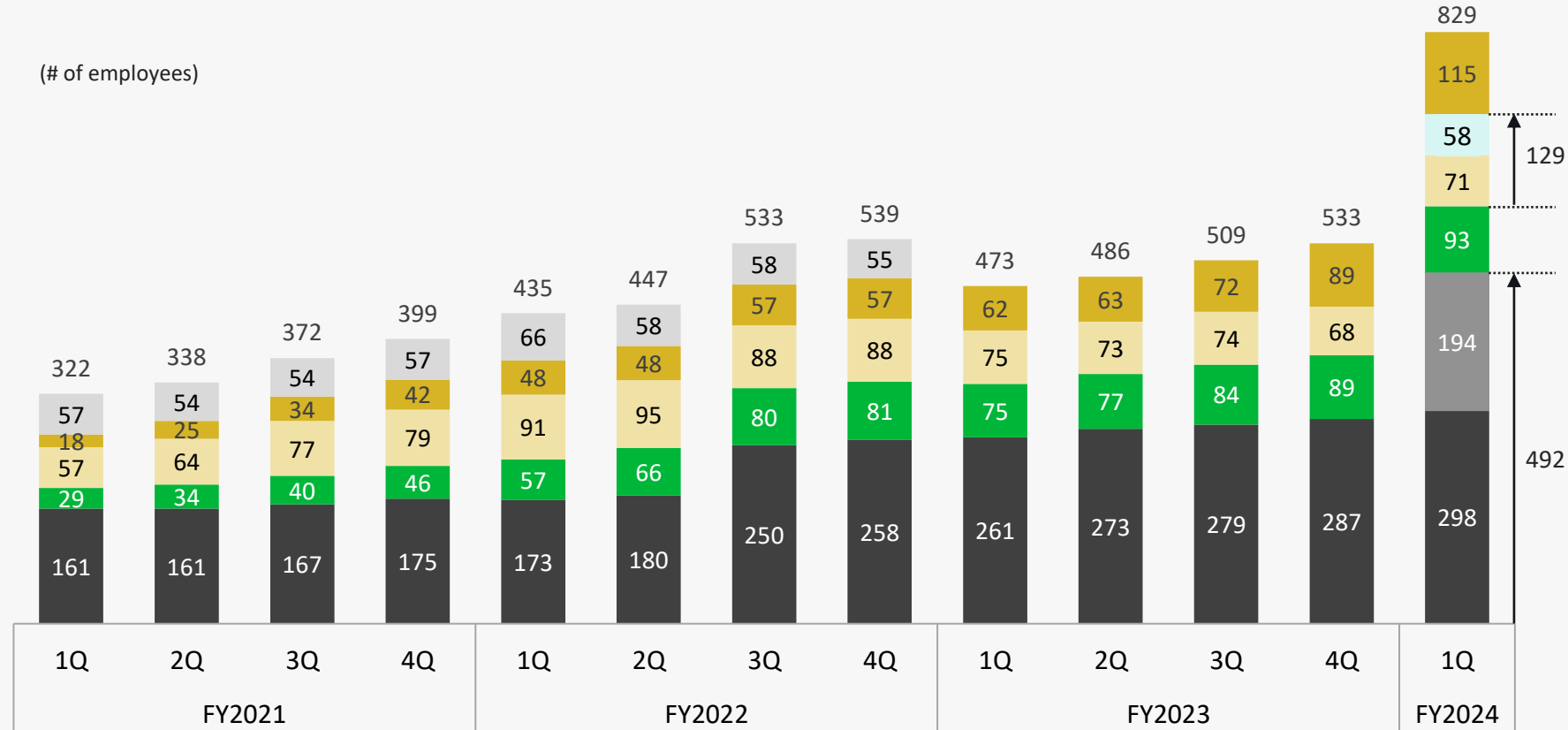
94	120	133	263	154	175	183	182	180	141	170	158	122
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1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
FY2021				FY2022				FY2023				FY2024



## Number of Employees <sup>(1)</sup>

- Steady increase in the number of employees
- Productivity (gross profit per employee) of the organization is on an improving trend
- Cash compensation levels are being raised in line with the realization of Quality Growth
- Most of the employees of the newly consolidated RAKSUL FACTORY are included in cost of sales



Raksul
  Novasell
  Corporate/Others
  Overseas
  Hacobell (Non-consolidated)

RAKSUL FACTORY (Inclusion in Raksul since 2Q)
  Peraichi (Inclusion in Corporate/Others since 2Q)

Notes  
(1) Headcount based



## Quarterly Financial Highlights: BS

- Cash position decreased due to TOB for AMIDA
- We expect to accumulate both the operating cash flow and accounting profits in the future

(in JPY MM)

<b>Cash &amp; Deposits</b> (30% of Total Assets) 10,223	<b>Current Liabilities</b> 9,145 Short-term borrowings 800 Current portion of long-term borrowings 1,604
<b>Other Current Assets</b> 6,800	<b>Non-Current Liabilities</b> 10,156 Bank Loan 4,078 CB (Due on Nov 2024) 5,010
<b>Non-Current Assets</b> 17,470 Goodwill 7,004	<b>Net Assets</b> (44% of Total Assets) 15,193 Share Capital 2,757 Capital Surplus 5,564 Retained Earnings 2,781 Treasury shares -300 Stock Acquisition Rights 1,277 Others 3,112
<b>Assets</b>	<b>Liabilities &amp; Net Assets</b>

## Group Companies

- Peraichi is consolidated from this fiscal year

Organic Businesses	 Equity method affiliate	<ul style="list-style-type: none"> <li>• JV with Seino Holdings Co., Ltd. ("SEINO HD") completed in August 2022, bringing our share to 34.9% with the addition of 3 new shareholders in October 2023</li> <li>• Quarterly revenue is approximately JPY 1.52Bn. The growth speed will accelerate with incoming customers from the 3 newly capitalized companies</li> </ul>
	 Consolidation possible in the future	<ul style="list-style-type: none"> <li>• Business is up and running smoothly and has procured Series B funding of JPY 13.5Bn</li> <li>• Started providing services in the US and APAC in addition to Japan</li> </ul>
Investments	 Consolidated	<ul style="list-style-type: none"> <li>• Consolidated from this fiscal year</li> <li>• No change in our shareholding, managed as Other Businesses</li> </ul>



## Relocation of Head Office

- Schedule to relocate to Azabudai Hills in January 2025
- One-time expenses to be recorded in FY2025; although there will be steady cost increases, the impact on profit growth in the next fiscal year and beyond will be limited

### Azabudai Hills



©DBOX for Mori Building Co., Ltd. - Azabudai Hills

### Purpose of Relocation

#### Creating a sense of unity

The number of employees has been steadily increasing in line with business expansion. To create a sense of unity as RAKSUL Group, we are creating an environment where RAKSUL, Novasell, and JOSYS could work in the same office.

#### Building trust with corporate clients

We aim to further build a sense of trust and security in financial and non-financial aspects for our corporate clients as we further focus on the enterprise segment. Seminars and conferences can also be held in the office, contributing to the expansion of our B2B businesses.

#### Pursuit of hybrid work style

In the post COVID-19 environment, we are increasing the frequency of foot traffic to the office and creating an environment where employees want to come to the office. We will continue to utilize remote work while helping each employee achieve a better work environment.

3

Q&A



## Q&A

	Questions	Answers
<b>Companywide</b>	What are the risk scenarios for this year's guidance?	<ul style="list-style-type: none"> <li>• In the event of a worldwide recession, we may be partially affected due to a slump in domestic demand</li> <li>• We have factored in a certain amount of downside in the advertising market and do not expect further deterioration</li> <li>• Our resilience to economic fluctuations is increasing with the additions of defensive categories (e.g., Japanese business stamps) and software businesses to the portfolio</li> </ul>
<b>Raksul</b>	What is the progress of Raksul Enterprise?	<ul style="list-style-type: none"> <li>• Raksul Enterprise, a service for large companies in the Raksul Business, continues to perform well</li> <li>• Number of companies with Raksul Enterprise grew to 1,637 companies and 15,263 users as of FY2024 1Q</li> </ul>
<b>Hacobell</b>	<p>What is the summary and purpose of Hacobell's fundraising?</p> <p>What is the relationship with RAKSUL?</p>	<ul style="list-style-type: none"> <li>• Sankyu Inc., Fukuyama Transporting Co.,LTD., and JAPAN LOGISTIC SYSTEMS CORP. joined as new shareholders. In addition to a third-party allotment of new shares, some shares were transferred from RAKSUL to each company</li> <li>• To accelerate growth towards becoming an open platform in the logistics industry</li> <li>• RAKSUL will continue to support its growth as an important group company</li> </ul>
<b>Peraichi</b>	What is the purpose of consolidation at this time?	<ul style="list-style-type: none"> <li>• To strengthen software businesses as RAKSUL Group</li> <li>• Performance has been solid and has grown to a level where it is possible to turn a profit in the future</li> <li>• We changed our audit firm from this fiscal year and decided on consolidation after discussion based on the audit policy of the new audit firm</li> </ul>

4

## Reference Materials





## Company Overview

<b>Name:</b>	RAKSUL INC.
<b>HQ:</b>	Shinagawa-ku, Tokyo, Japan
<b>Foundation:</b>	September 2009
<b>Management Team:</b>	Yo Nagami, CEO Yasukane Matsumoto, Founder / Chairman Tatsuru Watanabe, SVP of Raksul Masaki Tabé, CMO / SVP of Novasell Shinnosuke Nishida, CAO / SVP of Corporate Sota Mizushima, CPO / SVP of Technology Yukiko Shiozaki, CHRO / SVP of HR Yoshihiko Miyauchi, Outside Director Kenji Kobayashi, Outside Director Yumiko Murakami, Outside Director Naomi Mori, Outside Director, Audit & Supervisory Committee Member Masahiro Kotosaka, Outside Director, Audit & Supervisory Committee Member Junko Utsunomiya, Outside Director, Audit & Supervisory Committee Member





## Management Team



**Yo Nagami**  
CEO

- Graduated from Keio University, Policy Studies; MBA from Wharton School of the University of Pennsylvania
- Joined RAKSUL in April 2014 after working at Mizuho Securities, Carlyle, and DeNA
- Has a wide range of knowledge through finance and investment companies and is well versed in all aspects of financial strategy



**Tatsuru Watanabe**  
SVP of Raksul

- Graduate School of Engineering, Kyoto University
- Joined RAKSUL in July 2017, after working for TOYOTA MOTOR CORPORATION. Responsible for the overall management planning, organizational planning, and PMI of investment portfolio companies for the overall Raksul business segment



**Shinnosuke Nishida**  
CAO / SVP of Corporate

- Graduated from Aoyama Gakuin University, International Political Economy
- Joined RAKSUL in August 2014 after working for MORI BUILDING and DeNA; responsible for the 2018 Mothers listing and all corporate actions over the past few years, serving as a director and auditor for Novasell and Peraichi



**Yukiko Shiozaki**  
CHRO / SVP of HR

- Graduated from Tsuda University, Arts and Sciences; MPS & MA from Cornell University
- Joined RAKSUL in December 2022 after holding a key HR leadership positions at several U.S. based companies, including GE/IBM. Has extensive knowledge in strategic planning and organizational transformation of HR organizations, and oversees the HR area of the entire company



**Yasukane Matsumoto**  
Founder / Chairman

- Graduated from Keio University, Commerce
- Established the company in September 2009 after working for A.T. Kearney
- Established a business model called "Sharing Economy" to utilize idle assets in the printing industry



**Masaki Tabe**  
CMO / SVP of Novasell

- Graduated from Chuo University, Literature
- Joined RAKSUL in August 2014 after working for Marui Group and TAKE AND GIVE NEEDS
- Specializes in new customer acquisition centered on TV commercials and stabilizing the repeat rate through data-driven CRM, and oversees not only promotions but also the 4P strategy in general



**Sota Mizushima**  
CPO / SVP of Technology

- Graduated from Graduate School of Media and Governance, Keio University
- Joined RAKSUL in October 2017 after working for IBM Japan and DeNA, serving as CPO and product owner of the printing business. Launched Raksul Vietnam and Design Promotion Office and leads product development



## Management Team (Outside Directors)



### Yoshihiko Miyauchi

#### Outside Director

- Graduated from Kansai Gakuin University, Commerce; MBA from University of Washington
- Long standing career at ORIX Corporation since 1964, previous positions include Representative Executive Officer, Chairman, and CEO
- Senior Chairman of ORIX Corporation since 2014
- Joined RAKSUL as Outside Director in October 2019



### Naomi Mori

#### Outside Director, Audit & Supervisory Committee member

- Graduated from Saitama University, Education
- Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC) in 1997
- Joined Asahi & Co. (currently KPMG AZSA LLC) in 1998
- Joined Makoto Sato Accounting Office in 2013
- Joined RAKSUL as Outside Corporate Auditor in October 2014



### Kenji Kobayashi

#### Outside Director

- Graduated from The University of Tokyo; Master of Literature, Graduate School of Humanities and Sociology
- Joined Corporate Direction, Inc. in 2005
- Joined DeNA Co., Ltd., where he served as a director and executive officer (2009-2017)
- Co-Founder of Signifiant Inc., since 2017
- Joined RAKSUL as Outside Director in October 2020



### Masahiro Kotosaka

#### Outside Director, Audit & Supervisory Committee member

- Graduated from Keio University; MSc. in Management Research with Distinction; D.Phil. in Management Studies from University of Oxford
- Joined McKinsey & Company, Inc. in 2004
- Associate Professor of College of Business Administration, Ritsumeikan University in 2013
- Associate Fellow at the Foundation France-Japon de L'École des Hautes Études en Sciences Sociales in 2015
- Associate Professor at Faculty of Policy Management, Keio University since 2016
- Joined RAKSUL as Outside Corporate Auditor in June 2017



### Yumiko Murakami

#### Outside Director

- Graduated from Sophia University; M.S., Stanford University; M.A., Harvard University
- United Nations Transitional Authority in Cambodia in 1991
- Managing Director at Goldman Sachs and Co in 1997
- Managing Director at Credit Suisse Securities (Japan) Limited in 2009
- Founded MPower Partners Fund L.P. General Partner in 2021
- Joined RAKSUL as Outside Director in October 2021



### Junko Utsunomiya

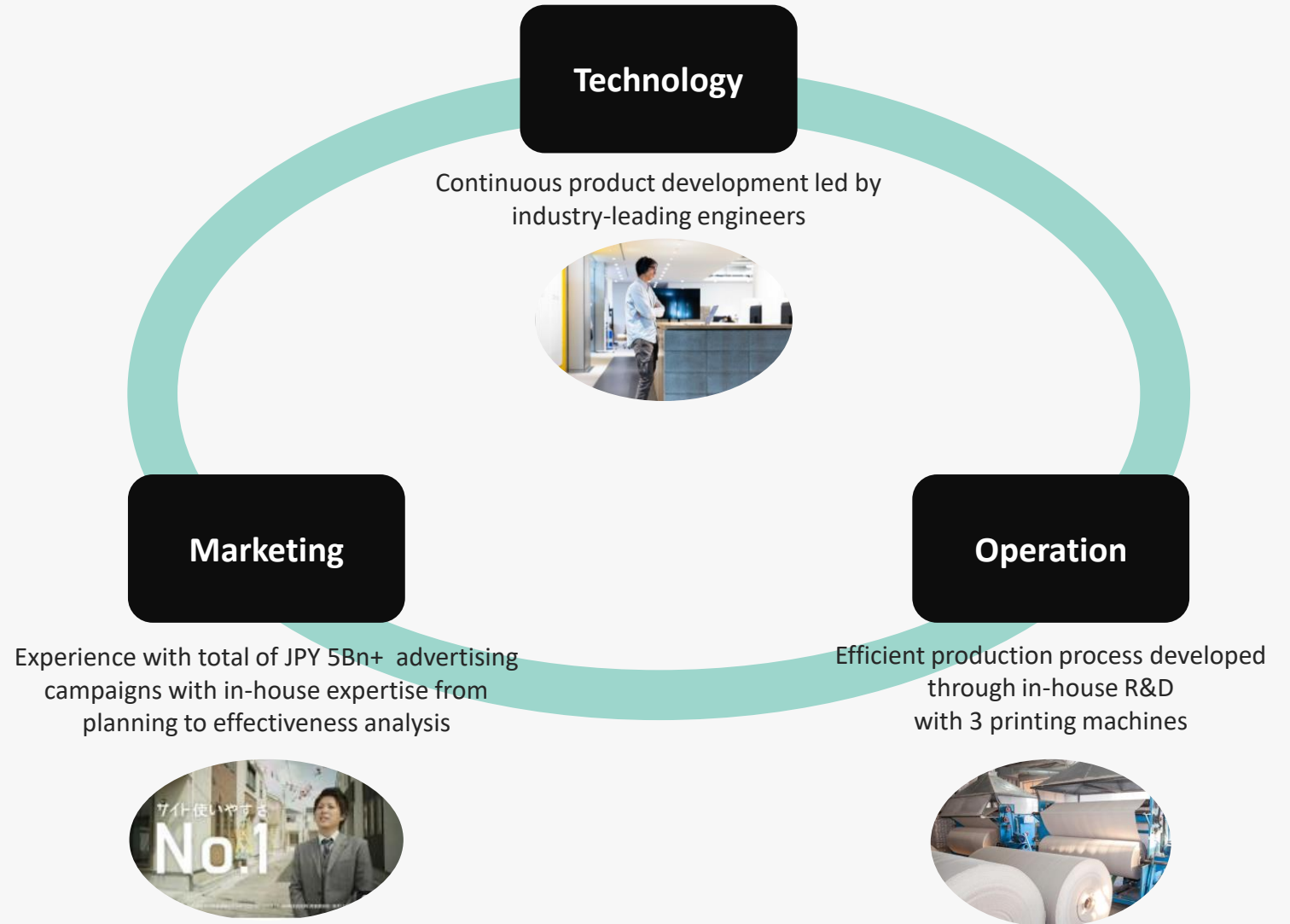
#### Outside Director, Audit & Supervisory Committee member

- Graduated from The University of Tokyo; Law; LL.M. from Columbia University
- Registered as attorney at law and joined a law firm, Nagashima Ohno & Tsunematsu in 2000
- Temporarily transferred to the Tokyo Stock Exchange, Inc. in 2007
- Established Utsunomiya Law Office in 2011
- Established a law firm, Utsunomiya Shimizu & Haruki, and assumed office as Partner since 2018
- Joined RAKSUL as Outside Corporate Auditor in October 2018



## Organizational Structure that Enables Deep Penetration into the Industries

- RAKSUL is a technology company with operational know-how and marketing expertise
- This is how we clearly differentiate ourselves from other pure-Internet players and legacy industry incumbents



## Our Technology Development Centers

- In order to strengthen our technology development, we established two new technology development centers in Vietnam and India in 2020

### Vietnam

- Since 2018, we have been conducting operations/service development for Raksul business segment together with local companies responsible for offshore development
- By establishing a center, we will strengthen our ability to recruit local development members and refine products and services mainly for the Raksul business segment

<Overview>

RAKSUL VIETNAM COMPANY LIMITED

Location : Ho Chi Minh, Socialist Republic of Vietnam

Establishment date : June 2020

### India

- We have established a development center in Bengaluru, India, the third largest country in the world in terms of the number of IT engineers, to strengthen our development capabilities

<Overview>

RAKSUL INDIA PRIVATE LIMITED

Location : Bengaluru, Republic of India

Establishment date : July 2020



Vietnam Office

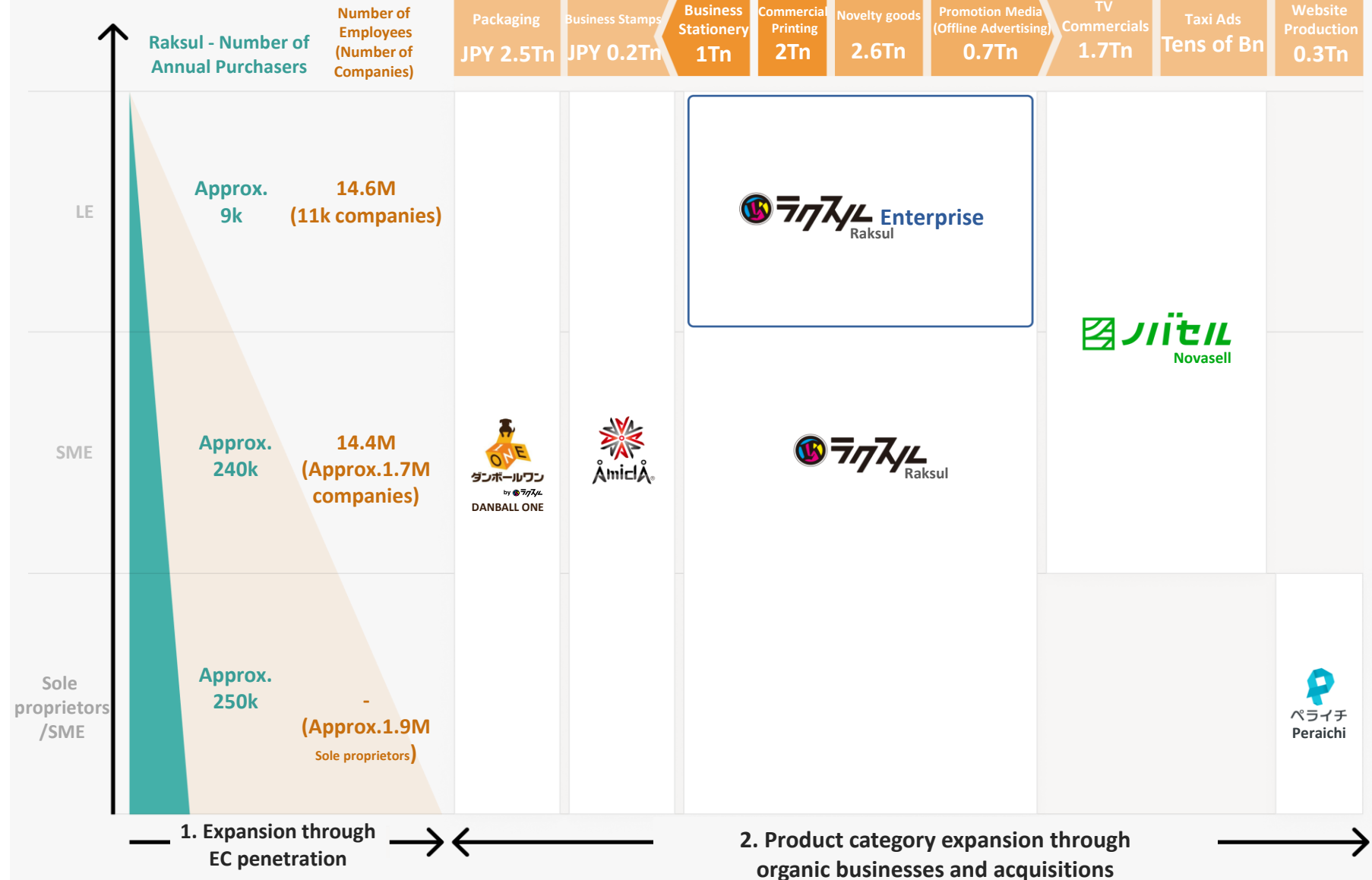


## Expansion Leveraging Existing Customer & Business Base

Our growth drivers:

1. Expansion of the target markets through E-commerce penetration
2. Product category expansion through organic businesses and acquisitions
3. Expansion of customer base from sole proprietor/SME customers to large enterprise customers

### 3. Expansion of customer base from SME to large enterprises

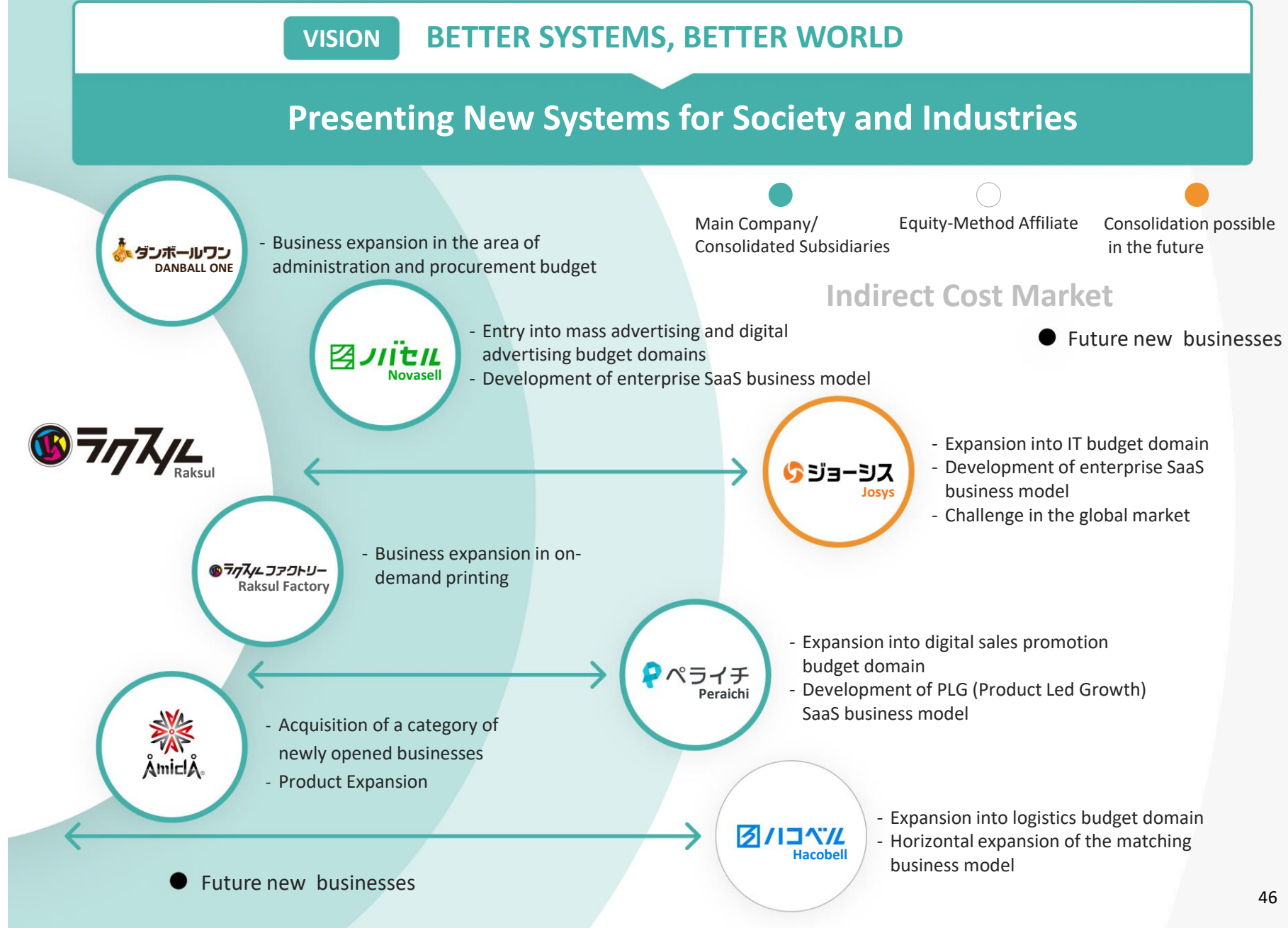




## Vision-based Long-term Management Approach

Integration of organizational management capabilities and entrepreneurship

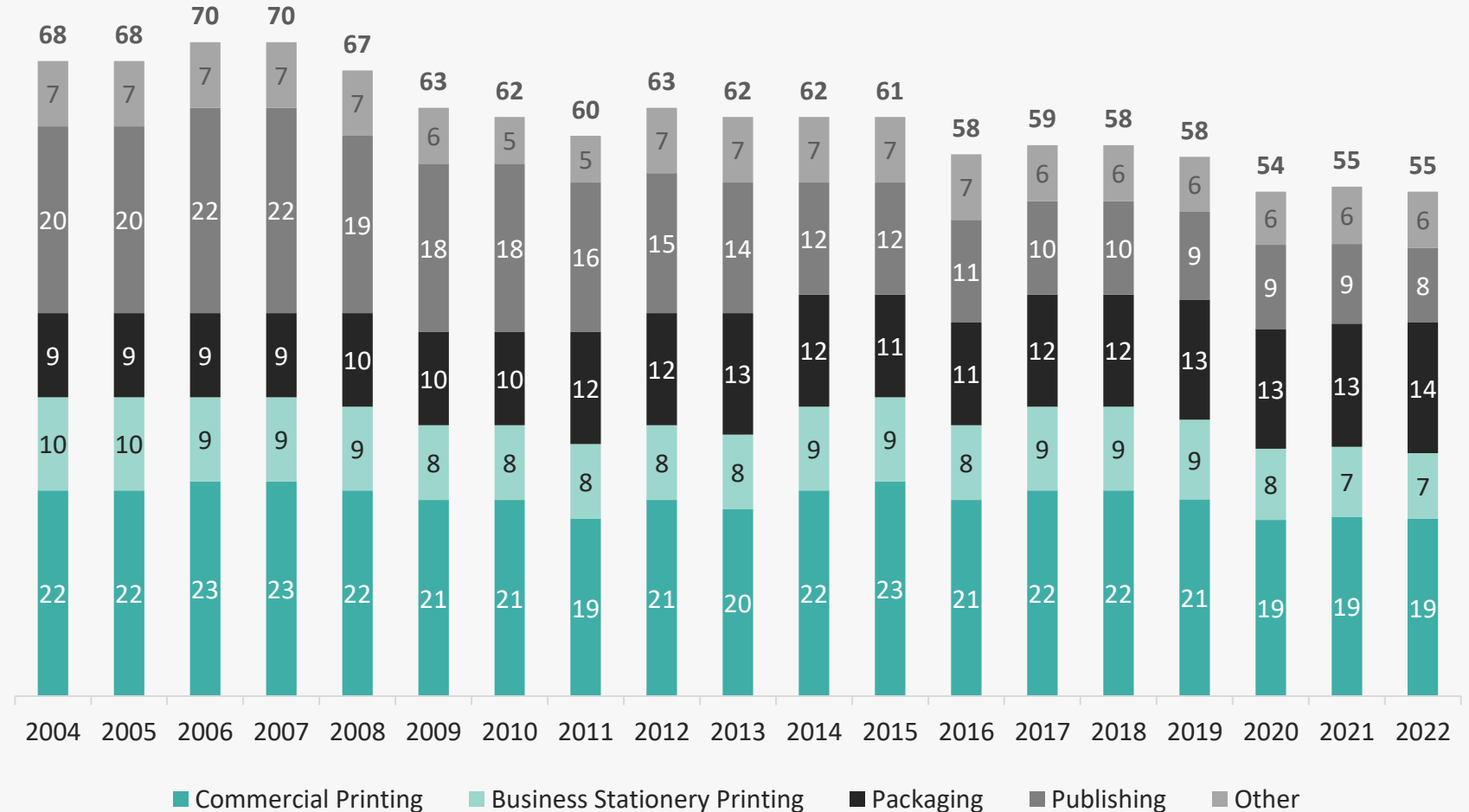
- Organizational management capabilities to continuously expand the existing business domains
- Entrepreneurship to create new dots (business domains) in new areas, even if they are initially somewhat outside of the existing business domains
- Management capabilities to connect and integrate the dots over the long term and utilize the management assets and capabilities acquired in new domains across the group



## Historical Trends of Japanese Printing Market

- The overall printing market size decreased due to the shrinking publishing segment, while the segment size of business stationery printing and commercial printing (i.e. Raksul’s target segments) remained roughly flat
- Packaging market, DANBALL ONE’s target, increased slightly

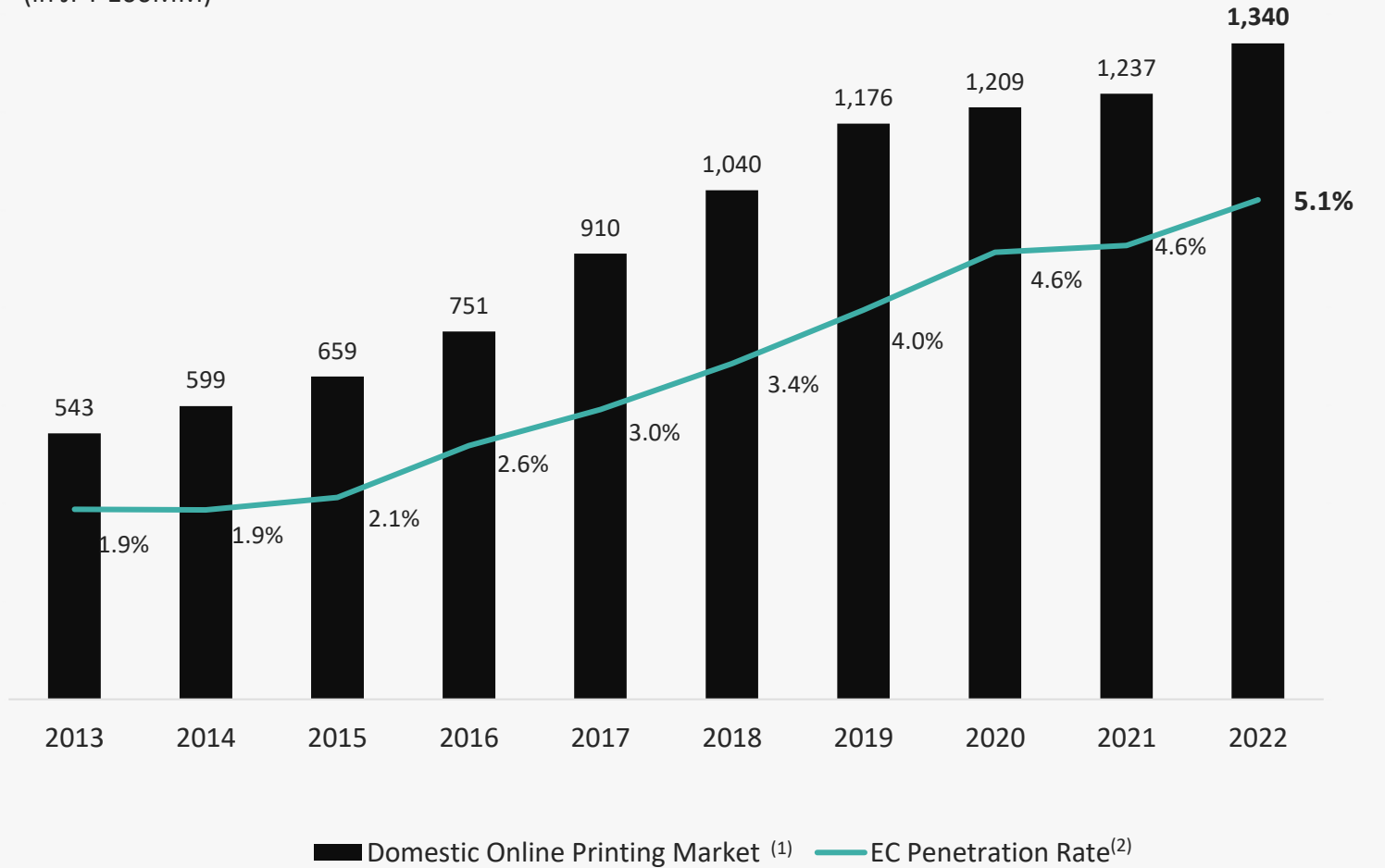
(in JPY 100Bn)



## Growth of the Domestic Online Printing Market

- Domestic online printing market grew to JPY 134Bn in 2022<sup>(1)</sup>, and the Ecommerce rate has grown to 5.1%<sup>(2)</sup>

(in JPY 100MM)



### Notes

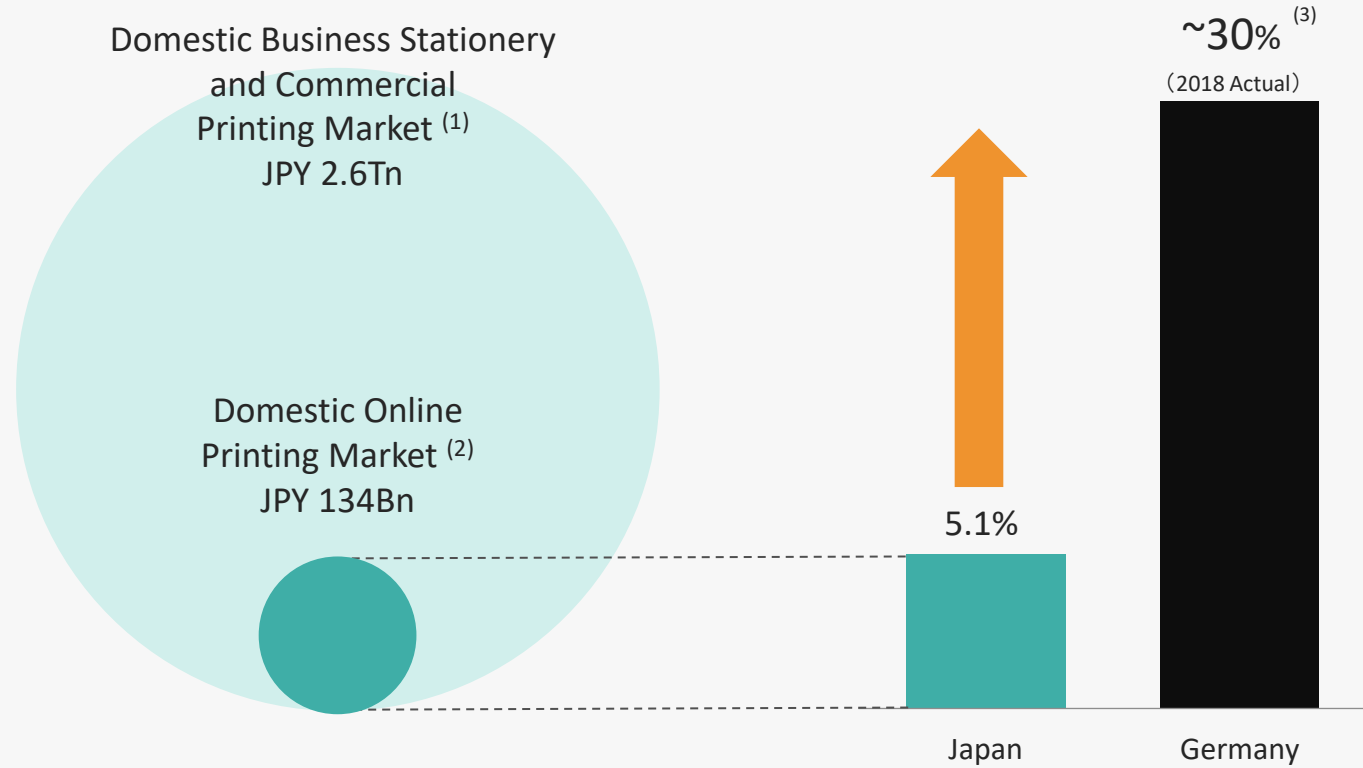
(1) Yano Research Institute "Survey on the Domestic Online Printing Market," February 2023

(2) Calculated by dividing the market size of Yano Research Institute "Survey of the Domestic Online Printing Market" by the market size of Commercial printing and office printing, which we estimated based on "Summary of the Economic Census of Activities by industry (manufacturing industry, summary version)" and "Current Production Statistics: Paper, Printing, and Plastic" (METI)



## TAM Expansion Driven by Further EC Penetration

- There is still huge potential for E-commerce penetration in the printing industry



Source : Yano Research Institute, METI

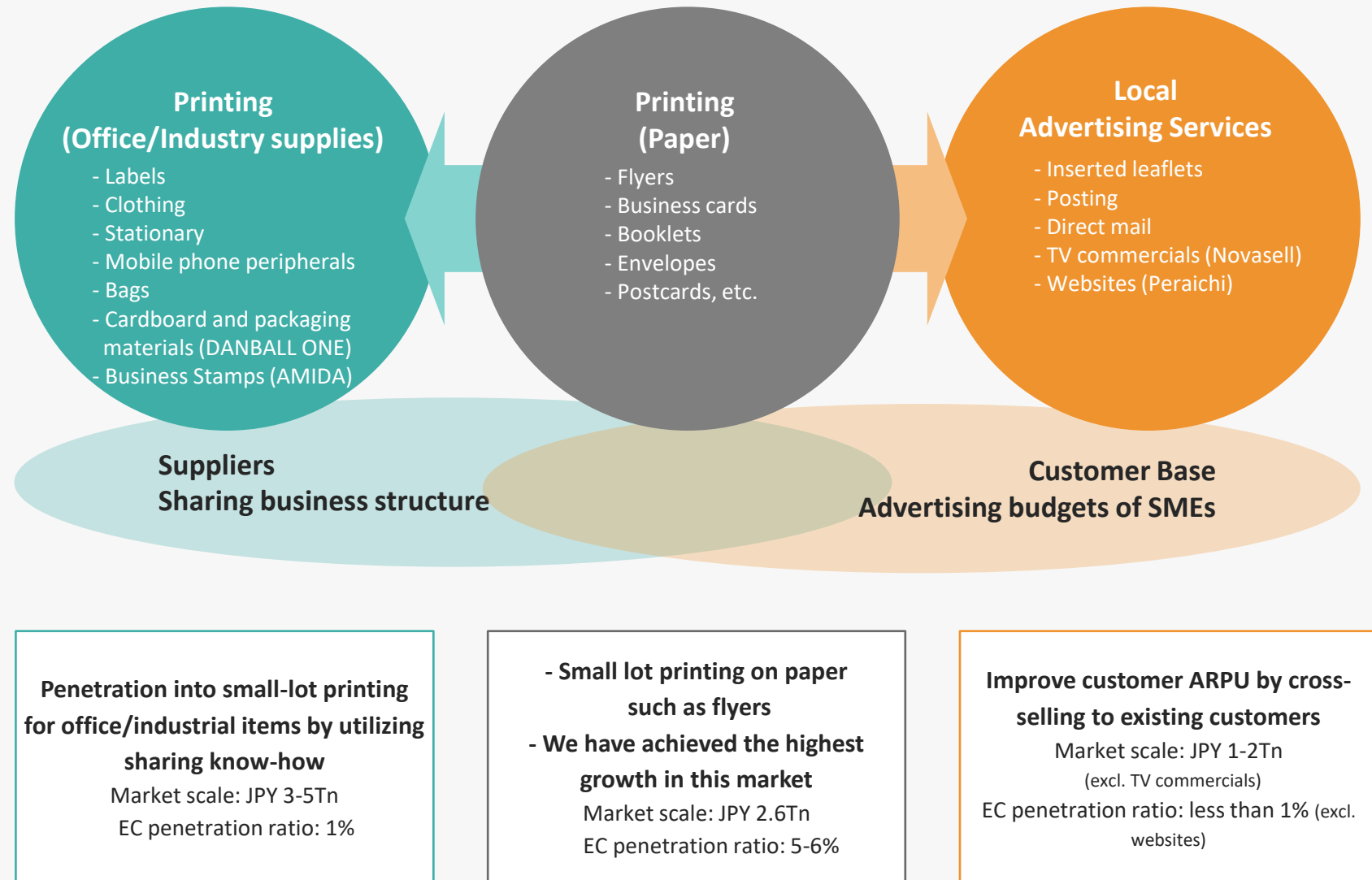
Notes

- (1) Calculated based on "Current Production Statistics: Paper, Printing, and Plastic" (METI)
- (2) Calculated based on the financial information of domestic online printing companies (2019)
- (3) Source : zipcon consulting (2019)



## Market and Growth Strategy

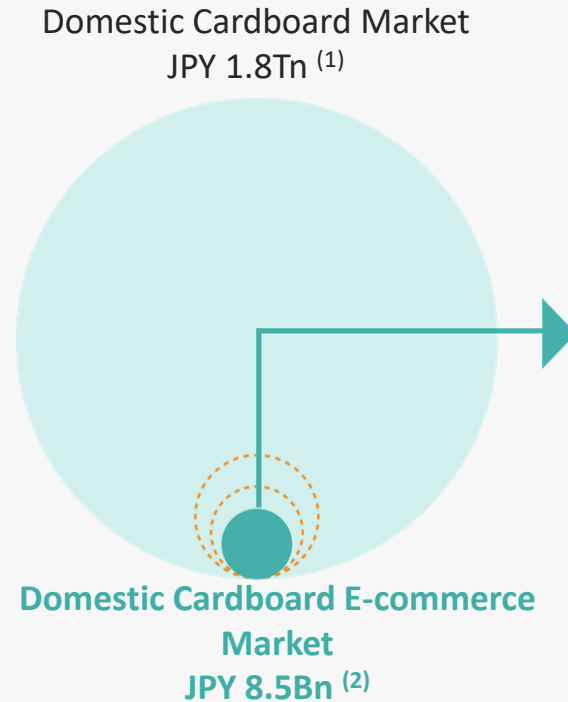
- By utilizing the customer and supplier base we have acquired through our flyer printing business, we aim to expand TAM and increase revenue per customer through the following expansions:
  - 1) Increase ARPU of existing customers by expanding offline advertising services
  - 2) Expand the customer base by launching additional unique product lines
- Making DANBALL ONE a consolidated subsidiary and TOB for AMIDA are important steps in expanding into industrial supplies domain





## Domestic Cardboard E-commerce Market

- DANBALL ONE operates an ordering platform for packaging materials
- DANBALL ONE accounts for around over 50% of the domestic cardboard E-commerce market
- The market benefits from the growing demand of E-commerce in Japan. The domestic cardboard E-commerce market is growing at a CAGR of 30%



## DANBALL ONE's Market Share in Domestic Cardboard E-commerce Market



Sources :

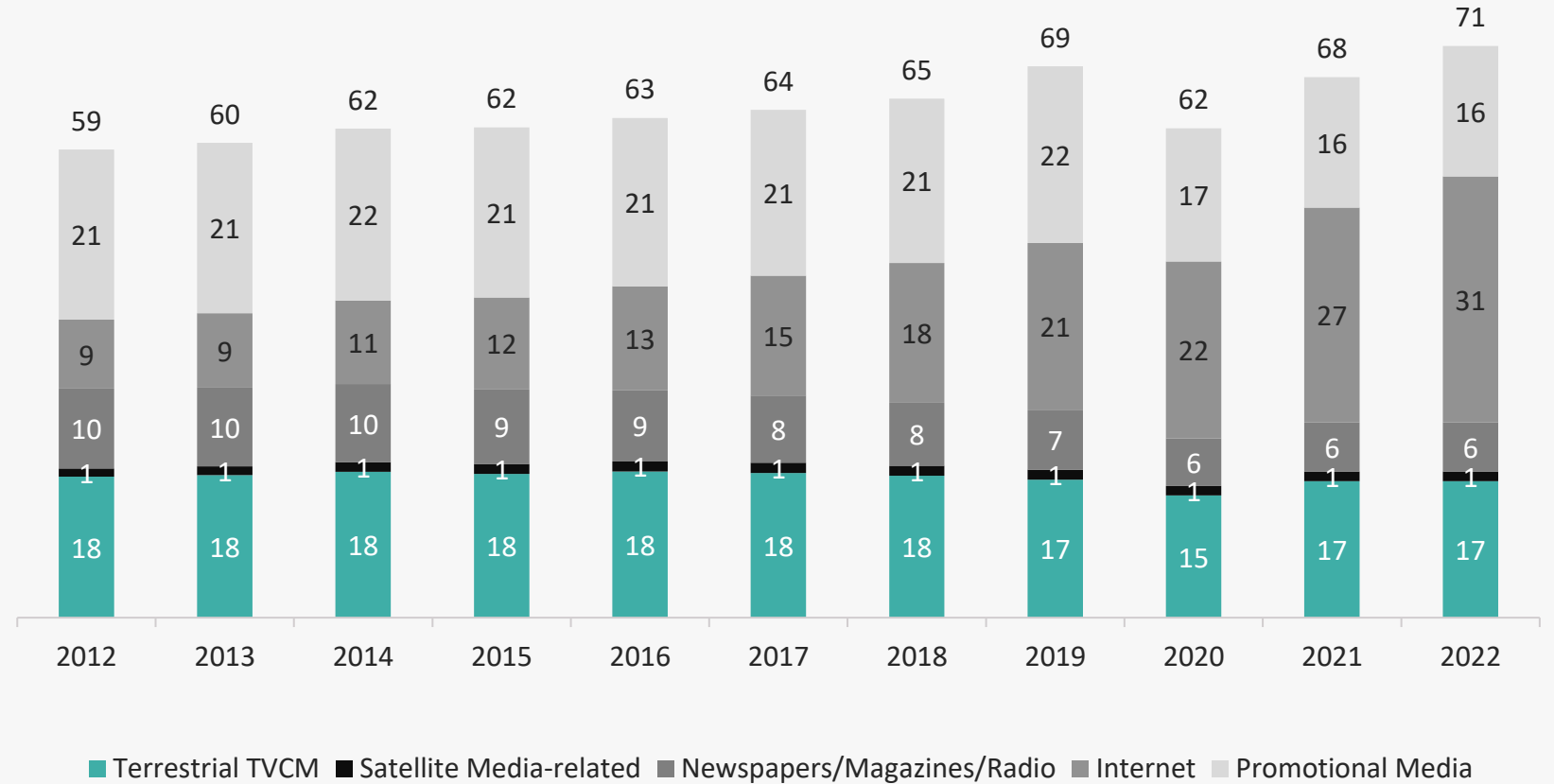
(1) Shipment volume of Japanese packaging industry 2020, Japan Packaging Institute, cardboard products

(2) Estimated based on financial information of domestic cardboard E-commerce companies (2021)

## Domestic Advertising Market

- The Terrestrial TV Commercial market recovered in the second half of 2021 and growth of Internet ad spending accelerated

(in JPY 100Bn)





# Changes in Accounting Methods due to New Revenue Recognition Standards

- Changed from the previous accounting methods as the new revenue recognition standards become compulsory from FY2022
- Changed the accounting method for Novasell’s broadcasting services from gross to net revenue
- The amount of discount from coupons in Raksul and Hacobell business segments has been changed from “SG&A expenses” to “sales allowance”

	Previous Accounting Methods	New Revenue Recognition Standards	Impact
Novasell	<p>Revenues earned from customers booked as gross revenue</p>	<p>Broadcasting services: revenues <b>excluding payments to suppliers</b></p> <p>Production / SaaS services: revenues earned from customers (unchanged)</p>	<p>Revenue <b>Decrease</b></p> <p>Gross Profit <b>None</b></p> <p>Operating Profit <b>None</b></p>
	Raksul Hacobell	<p>Coupon discount amount booked as SG&amp;A expenses</p>	<p>Coupon discount amount booked as <b>sales allowance</b></p>



## Financial Highlights by Business Segment (New Revenue Recognition Standards)

		FY2022				FY2023				FY2024
(in JPY MM)		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Revenue	Raksul	5,461	6,092	7,894	7,877	8,540	9,316	9,919	<b>9,979</b>	<b>10,451</b>
	Novasell	720	1,007	538	562	643	703	542	<b>766</b>	<b>360</b>
	Hacobell	741	835	869	1,031	-	-	-	-	-
	Others	84	97	80	84	154	151	147	<b>151</b>	<b>416</b>
Gross Profit	Raksul	1,478	1,697	2,395	2,347	2,440	2,646	2,847	<b>2,763</b>	<b>3,111</b>
	Novasell	313	433	253	292	368	348	352	<b>375</b>	<b>262</b>
	Hacobell	97	104	131	130	-	-	-	-	-
	Others	33	38	27	29	38	37	37	<b>38</b>	<b>285</b>
Segment Profit (non-GAAP)	Raksul	583	697	1,055	1,153	1,073	1,172	1,161	<b>1,180</b>	<b>1,458</b>
	Novasell	-18	69	-122	-32	24	34	12	<b>-39</b>	<b>-124</b>
	Hacobell	-68	-46	-11	-2	-	-	-	-	-
	Others and corporate expenses	-396	-429	-361	-436	-345	-324	-315	<b>-491</b>	<b>-394</b>
Segment Profit (financial accounting)	Raksul	534	641	863	962	875	942	926	<b>956</b>	<b>1,172</b>
	Novasell	-25	63	-129	-39	17	21	-0	<b>-53</b>	<b>-139</b>
	Hacobell	-79	-59	-25	-16	-	-	-	-	-
	Others and corporate expenses	-534	-580	-517	-592	-501	-404	-419	<b>-595</b>	<b>-492</b>
EBITDA	Company wide	99	292	560	681	753	882	859	<b>649</b>	<b>938</b>



## Difference between non-GAAP profit and accounting profit

- From FY2020, we have been disclosing non-GAAP profits after adding back the stock-based compensation expense
- The amount in “Difference (stock-based compensation expense)” varies between operating profit and ordinary profit as RS held by resignees are expensed off as non-operating expenses

	FY2024 1Q (2023/8-2023/10)			
	(JPY MM)	Actual (non-GAAP)	Difference (stock-based compensation expense)	Actual (financial accounting)
Revenue		11,228	-	11,228
Gross Profit		3,659	-	3,659
Operating Profit		664	122	541
EBITDA		938	122	816
Ordinary Profit		553	124	429
Net Profit		1,365	124	1,240



## Realization of Quality Growth

- Our gross profit is similar in nature to net revenue of general software companies
- Track record of EBITDA margin improvement while continuing the gross profit growth

	FY2020	FY2021	FY2022	FY2023	FY2024 1Q
Gross Profit Growth (Excl. Hacobell)	+24.6%	+42.1%	+40.5%	+31.7%	<b>+28.5%</b>
EBITDA Margin vs Gross Profit	0.0%	14.5%	16.7%	25.6%	<b>25.7%</b>



## Balance Sheet

(in JPY MM)	FY2023 4Q	FY2024 1Q
Current Assets	20,589	17,024
Cash & Deposits	14,644	10,223
Non-Current Assets	12,076	17,470
<b>Total Assets</b>	<b>32,665</b>	<b>34,494</b>
Current Liabilities (interest-bearing liabilities)	8,292 (2,447)	9,145 (2,404)
Non-Current Liabilities (interest-bearing liabilities)	10,463 (9,465)	10,156 (9,088)
<b>Net Assets</b>	<b>13,909</b>	<b>15,193</b>
Share Capital	2,742	2,757
Capital Surplus	5,549	5,564
Retained Earnings	1,540	2,781
Treasury Shares	-300	-300
Stock Acquisition Rights	1,341	1,277
Others	3,036	3,112
<b>Total Liabilities &amp; Net Assets</b>	<b>32,665</b>	<b>34,494</b>



## Issuance of Stock-Based Compensation and Performance Target Linked Stock Options<sup>(1)</sup>

- Issued a total of 4 stock options linked to stock-based compensation and performance target linked stock options in December 2022
- 1. and 2. are stock-based compensations as annual incentives (1-yen SO instead of RS has been implemented for employees from the current fiscal year)
- 3. and 4. (collectively called Quality Growth Stock Option 2022) are stock-based compensations linked to performance targets and serve as medium-term incentives. However, the decision was made to abandon the Trust SO because it could no longer fulfill its original purpose

Name	Type	Number of Shares (Dilution % <sup>(2)</sup> )	Allotees	Conditions for Exercise, etc.
<b>1. Restricted Stock-Based Compensation (RS)</b>	Stock-Based Compensation	11,260 shares (0.04%)	Directors	Restriction on transfers lifted in a lump sum after 3 years
<b>2. Stock Acquisition Rights No.13 (1-yen SO)<sup>(3)</sup></b>	Stock-Based Compensation	42,370 shares (0.15%)	Employees	Exercisable in one sixth increments every 6 months
<b>3. Stock Acquisition Rights No.14 (Paid-in SO)</b>	Performance Target Linked (Quality Growth Stock Option 2022)	192,500 shares (0.66%)	Directors Employees	When EBITDA <sup>(3)</sup> a) Exceeds JPY 2.8Bn in FY2023 or FY2024: 50% exercisable b) Exceeds JPY 4.0Bn in FY2024 or FY2025: 50% exercisable
<b>4. Stock Acquisition Rights No.15 (Trust SO)<sup>(4)</sup></b>	Performance Target Linked (Quality Growth Stock Option 2022)	167,500 shares (0.58%)	Directors Employees New hires	Same as above
Total		413,630 shares (1.42%)		

### Notes

(1) In February 2023, we executed a stock split (from 1 share to 2 shares). This page shows the number of shares before the stock split.

(2) Dilution rate based on 29,080,100 shares (290,297 voting rights), the total number of outstanding shares of the Company as of July 31, 2022

(3) Stock Acquisition Rights described in the "Announcement of Issuance of Stock-based Compensation Stock Options (Stock Acquisition Rights No.13)" disclosed on November 17, 2022

(4) Stock Acquisition Rights described in the "Announcement of Issuance of Stock Acquisition Rights No.15 Using a Third-party Allotment Collectively Called "Quality Growth Stock Option 2022", and Introduction of a Market Value Issued Stock Acquisition Rights Trust" disclosed on November 17, 2022

## Incentive Design for CEO

- Multiple alignment tools with the shareholders' viewpoint, in order to ensure that the new CEO will not merely be a hired successor, but become a "founder" who will be responsible for increasing the company's value over the next 10 years
- While monetary compensation level is lower than that of other listed companies, the ratio of equity compensation is set at the highest possible level to encourage long-term commitment
- All incentive grants to be contingent upon approval of the grant of RSUs at the 14th Annual General Meeting of Shareholders

Name	Format	Number of Shares(Dilution % <sup>(1)</sup> )	Conditions of Exercise, etc.	PL/BS Impact <sup>(2)</sup>
Monetary Compensation	Monetary Compensation	-	-	Executive compensation expenses
Restricted Stock Units (RSU)	Stock-Based Compensation (Service requirement + Single year performance requirement)	Total for 10 years Maximum 877,000 Shares (1.50%)	Removal of restrictions on the transfer of 87,700 shares each after the end of each fiscal year, provided that the following two conditions are met (if not met, the share will be forfeited for that fiscal year) <ul style="list-style-type: none"> <li>• Remain as CEO until the end of each fiscal year</li> <li>• Consolidated gross profit growth of over 15% YoY</li> </ul>	Expense of approx. JPY 120MM per year
Stock Options (Paid-in SO)	Performance Target Linked (Stock price requirement + Performance requirement)	877,000 Shares (1.50%)	3 tranches setting (share price requirement and performance requirement) <ol style="list-style-type: none"> <li>1. Share price of 8,500 yen (market capitalization of approximately 500 billion yen) + EBITDA of 10 billion yen: 20% exercisable</li> <li>2. Share price 12,000 yen (market cap of approx. 700 billion yen) + EBITDA of 15 billion yen: 33% exercisable</li> <li>3. Stock price of 17,000 yen (market capitalization of approximately 1 trillion yen) + EBITDA of 20 billion yen: 47% exercisable</li> </ol> <p>Performance evaluation after 5 years for a period of 10 years</p>	Expense of approx. JPY 80MM per year
Negotiated Transaction	Capital Gain	877,000 Shares (0.00%)	No dilution due to the fact that this is a secondary transaction and not an issuance of new shares Company stocks will be purchased from the founder, Yasukane Matsumoto, and the stock market in a negotiated transaction (We lend part or all of the funds)	-
Total		1,754,000 Shares + 877,000 Shares (3.00%) (0.00%)		Expense of approx. JPY 200MM per year

### Notes

(1) Based on 58,476,092 shares (581,858 voting rights), the total number of outstanding shares of the Company as of July 31, 2023

(2) Calculated based on an estimated share price of JPY 1,400 yen



## External Ratings / Strengthening ESG Information Disclosure

- RAKSUL was selected as constituent of the FTSE Blossom Japan Index<sup>(1)</sup> in June 2023 for the first time
- We have been maintaining an “A” rating by MSCI ESG Research<sup>(2)</sup> as of May 2023
- We expressed our support for TCFD<sup>(3)</sup> recommendations and joined the TCFD consortium in April 2021. In addition, we conducted and disclosed a scenario analysis using the disclosure framework recommended by TCFD



### FTSE Blossom Japan Index



### FTSE Blossom Japan Sector Relative Index



As of 2023, RAKSUL INC. received an MSCI ESG Rating of A.



**TCFD** | TASK FORCE ON  
CLIMATE-RELATED  
FINANCIAL  
DISCLOSURES

<https://corp.raksul.com/en/esg/environment/tcfd/>

#### Notes

- (1) FTSE Blossom Japan Index is an index designed by FTSE Russell, a member of the London Stock Exchange Group, to measure the performance of Japanese companies with high ESG ratings and consists of 310 Japanese stocks with excellent ESG ratings as of June 19, 2023.  
FTSE Blossom Japan Index Series website: <https://www.ftserussell.com/ja/products/indices/blossom-japan>
- (2) MSCI is a financial service provider headquartered in New York, U.S.A. The company is listed on the New York Stock Exchange and provides a range of tools that support the investment decision making of institutional investors around the world, including large public pension funds, asset management firms, and hedge funds. MSCI website: <https://www.msci.com/>
- (3) TCFD: Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board (FSB), an international body consisting of national financial authorities and international standard-setting bodies. This international initiative aims to support companies with climate related disclosure and to stabilize the financial market through a smooth transition to a low-carbon society

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## Sources

Indirect cost market	Estimated based on the total selling, general and administrative expenses of all stocks listed on the Tokyo Stock Exchange (excluding ETFs, REITs and securities investments)	
	Business stationery and commercial printing	Calculated based on "Current Production Statistics: Paper, Printing, and Plastic" (METI), production volume basis
Raksul	Novelty items	Estimated based on "Corporate Gift Market" (Yano Research Institute Report, 2020)
	Promotional media = Offline advertising	Total of inserts, Directmails, and free magazines from "Advertising Expenditures in Japan" (Dentsu, 2020)
Hacobell	Trucking	Estimated based on "Japan Trucking Industry 2018 - Current Status and Issues" (Japan Trucking Association)
Novasell	TV commercials	"Advertising Expenditures in Japan" (Dentsu, 2021)
	Taxi advertising	Not added as value since it is part of the transportation digital signage market
JOSYS	Total device value in the domestic IT market shipment forecast	"Domestic IT Market Forecast by Industry Sector / Employee Size / Annual Sales Size, 2021-2025: Considering the Impact of COVID-19 as of the End of March 2021" (IDC Japan, May 2021)
	Industry general-purpose SaaS	"2021 Current Status and Future Prospects of Cloud Computing <Market>" (Fuji Chimera Research Institute, March 2021)
DANBALL ONE	Packaging materials	Shipment volume of Japan packaging industry 2020, Japan Packaging Institute, paper and cardboard products
Peraichi	Website production	Estimated based on "Web Integration & Internet Advertising Platform Market Status and Outlook 2017 Edition" (Mick Economic Research Institute) + CMS providers' revenue
AMIDA	Business Stamps	Shipment value of seals, inkpads, stamps, and stamp stands from the "Survey of Economic Structure (Survey of Manufacturing Plants)" (2022) by the Ministry of Economy, Trade and Industry



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## Disclaimer

### Handling of this material

This material includes forward-looking statements. These forward-looking statements were created based on the information available at the time they were created. They do not guarantee our future results and involve certain risks and uncertainties. Please note that actual results may differ materially from those discussed in the forward-looking statements due to changes in environments surrounding RAKSUL or any other factors.

The factors which may affect actual results include but are not limited to: Japanese and global economic conditions, and conditions of markets in which RAKSUL operates.

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